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31 October 1984

# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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31 October 1984

## EAST EUROPE REPORT

### ECONOMIC AND INDUSTRIAL AFFAIRS

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## INTERNATIONAL AFFAIRS

### USSR COOPERATION IN SYNTHETIC FIBER PRODUCTION, ACCORD SIGNED

East Berlin NEUES DEUTSCHLAND in German 27 Aug 84 p 6

[Article by Dr Claus Duemde, Moscow correspondent: "In Joint Collectives Research Work Is More Effective. For More Than 15 Years Close Cooperation Between GDR and USSR in the Production of Synthetic Fiber"]

[Text] Already three times this year Gennadiy Olekhver from Moscow and Gunter Schmidt from Schwarza have met. But already for September another meeting has been scheduled. The one is director of research in the All-Union Association Khimvolokno, the other is director in the Wilhelm Pieck Synthetic Fiber Combine--a position which includes the coordination of cooperation in this area between the GDR and the USSR. In 1984 there is more work than ever before in this connection.

Gennadiy Olekhver explained why this is so. The cooperation of the partners began at the end of the 1960's. In both countries at that time, increasingly more and better synthetic silks and fibers were needed for many technical purposes, as well as for consumer goods production. The chemists were confronted with the task of not only increasing production rapidly, but also opening up broader ranges of use for the products through new properties. This meant the development of new, highly productive and cost efficient processes on the basis of domestic raw materials.

#### Dozens of Complicated Problems Mastered

New technologies for synthetic fiber substances require the solution of dozens of complicated problems--from the chemical reactions to spinning processes and finishing. "Joint use was made of the knowledge, experience and technology of both countries," Gennadiy Olekhver emphasized. "Each of the two had particular experience, the GDR, for example, with respect to the spinning processes, we in the sphere of chemistry. Through joint research collectives, we were able to solve many questions more quickly, to attain a considerable gain in tempo."

In 1968 and 1970, two government agreements on cooperation in the development of highly productive processes and installations for the production of polyester fibers and polyamide silk were concluded. The results are impressive.

## Cost Efficient Thanks to Domestic Raw Materials

Polyester staple fiber is obtained today in Guben and Mogilev on the basis of extremely pure terephthalic acid and ethylene glycol, two economically advantageous primary materials which are domestically produced. Through the omission of several partial processes there was a reduction in costs. In Mogilev alone, the annual profit compared to previous technologies amounts to 1.44 million rubles. Moreover, the fiber can immediately be evenly dyed.

In the case of polyamide silk production, the joint study groups succeeded in obtaining up to 4,000 meters of thread per minute through continuous polymerization of kaprolaktam, direct spinning process from liquified material and immediately following drawing and spooling process. The starting value was 600 to 700 meters. In Schwarza the new technology is already being used; in Klin reconstruction is being planned on its basis.

"The work accomplished within the framework of the government agreements," Gennadiy Olekhver emphasized, "has again confirmed the great possibilities and advantages of socialist division of labor and the combination of efforts of the two countries in the solution of mutually interesting scientific and technical problems."

Another, equally significant testimony for this are joint intensification brigades, which since 1976 regularly scrutinize current production of the partner enterprises in Schwarza and Kursk (polyamide silk), Guben and Chernigov (polyamide cord fabric), Premnitz and Mogilev (polyester silk), as well as Wittenberge and Kiev (cellophane). Engineers, master craftsmen, and skilled workers have tracked down a good many efficiency reserves during these several-week-long working visits at the base. The realization of their proposals, without great expenditures, led to considerable productivity increases, material economies, and quality improvements.

That, in view of these successes of longstanding solidarity, both partners are among those combines of the GDR and production associations of the USSR whose direct relations are being expanded on decision of the 34th Session of the equally represented government commission of both countries, is almost a foregone conclusion. The plan of still closer cooperation in the future, which also includes conceptions for the period 1986-1990 already, is an important subject of the consultations of the directors of research during this year.

## United We Make Much Faster Progress

During the meeting of the commission at the end of July 1984 in Moscow, moreover, a new ministerial agreement on synthetic fiber production was signed. It envisages the further development of cooperation in the production of polyamide textile silk, as well as the joint perfection of the technology for the production of a new type of special fiber, which was developed in the USSR and is high temperature stable and extremely fire resistant. The producers of industrial filters as well as protective work clothes have high expectations with respect to them. The polyester agreement was extended already in 1982. What is at stake now is the use of microprocessors for the control of

chemical processes, technical threads for V-belts and conveyor belts, as well as textile silk of new quality for direct use in the production of curtains.

No wonder, in other words, that the partners of Khimvolokno and Schwarza are meeting more frequently than ever before. Gennadiy Olekhver does not mind the extra work. "Our cooperation is worthwhile," he states emphatically. "Together we make much faster progress."

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## INTERNATIONAL AFFAIRS

### MUTUAL TRADE WITH CUBA EXPANDS IN 1984, PLANS FOR 1985

East Berlin NEUES DEUTSCHLAND in German 6 Sep 84 p 2

[Article entitled: "Bilateral Trade With Cuba Develops Dynamically: Horst Soelle Received Partners From Several Countries"]

[Text] On Wednesday the minister for foreign trade, Horst Soelle, received the minister for foreign trade of the Republic of Cuba, Ricardo Cabrisas Ruiz, for a discussion. In so doing, questions of the further realization of the agreement concluded for the year 1984 in regard to reciprocal deliveries of commodities, as well as possibilities for an expanded foreign trade in 1985 and beyond were discussed. The ministers emphasized the dynamic development of the bilateral trade relations. They underscored the good cooperation of the foreign trade organs of the two countries in the realization of agreements for the development of sugar production in Cuba, as well as in further investment projects in Cuban primary, food, and nonessential food and beverages industries. Minister Cabrisas Ruiz emphasized that, as a result of the cooperation, the output capacity of these industry sectors for Cuban exports is expanding significantly.

Horst Soelle furthermore met with the director general in the Ministry of Foreign Affairs of the Islamic Republic of Iran, Mohammed Hossein Adeli. Both sides appreciated the results of the economic negotiations recently conducted in Berlin between government delegations of the GDR and Islamic Republic of Iran. Consultations were held on questions of increasing the exchange commodities and the intensification of economic cooperation between the two countries.

Horst Soelle had a further meeting with the 1st deputy minister of economy and foreign trade of the Arab Republic of Egypt, Ahmed Abdel Aziz. The discussion partners discussed the state of the mutual economic and trade relations and possibilities for their expansion. Inter alia, they exchanged views on possibilities for the deepening of cooperation in industry, agriculture and energy-supply industry.

Ahmed Abdel Aziz was furthermore received by the state secretary in the Ministry of Light Industry, Claus Kuehnelt. In so doing, both sides assessed the cooperation as positive and achieved agreement on its expansion. For example, Egypt will supply cotton, yarns, fabrics, knitted goods for undergarments, and leathergoods to the GDR. The GDR will increase its export of finished goods from the textile industry.

Received for Friendly Talks

The Cuban minister, Ricardo Cabrisas Ruiz, was received for friendly talks by GDR minister for trade and supply, Gerhard Briksa, as well as by the state secretary in the Ministry for electrical engineering and electronics, Karl Nendel.

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## INTERNATIONAL AFFAIRS

### CEMA PROGRAM FOR INCREASED TECHNOLOGY, TRADE WITH WEST

East Berlin TRIBUNE in German 6 Sep 84 p 5

[Text] The socialist countries are trying hard to utilize the achievements in science and technology in the world for the strengthening of their scientific-technical output capacity. Under the conditions of the scientific technical revolution, this is becoming increasingly more important in the present. Scientists have prognosticated that a doubling of products will take place by the year 2000 compared to the 1970's, since the time span between the scientific idea and the introduction in production, which in the case of television was still 14 years and in the case of microprocessors only 3 to 4 years, is constantly diminishing.

Under these conditions no country--whether socialist or capitalist--is in a position any longer to achieve top performances in all areas of science and technology. Thus the international exchange of scientific results and among them of technologies (know-how, licenses) becomes unavoidable.

This development takes place primarily within the social systems. Thus the consultation of the leading representatives of the CEMA countries in June 1984 ascribed special significance to the questions of science and technology. It was agreed to develop an integrated program of scientific-technical progress for the next 15 to 20 years, on whose basis a coordinated policy with the goal of the fastest possible solution of the most important questions of science and technology is to be developed.

The joint solution of important scientific-technical tasks in CEMA at the same time creates better preconditions for the mutually advantageous exchange of scientific results with capitalist industrial countries. According to estimates of Soviet scientists, the annual world turnover of technologies will amount to approximately \$40 billion. A significant contribution in this regard is made by the technology exchange between CEMA member countries and capitalist industrial countries, which has constantly increased during the past few years. Likewise was there an increase in the number of licences sold by the CEMA member countries to capitalist industrial countries.

This becomes clear on the basis of attained top achievements in areas like mathematics, welding processes, nuclear energetics, metallurgy, medicine and pharmacy, of which it was possible to sell several technologies to capitalist industrial countries. Thus, for example, the GDR sold the plasma liquification process to Austria. At the same time, technologies from capitalist

industrial countries are being used in CEMA countries to strengthen the economic capacity of the national economies overall, as well as to meet the demand of the population with respect to high-grade consumer goods. Thus, for example, the process for the production of color picture tubes was acquired by the GDR from Japan.

At the present time, however, there is an increase in the attempts of reactionary imperialist circles, in particular the United States monopolistic bourgeoisie, to create obstacles to the exchange of technologies with socialist countries. Thus, a large part of modern technologies, which is being constantly expanded, is subject to an export prohibition.

Even under heightened conditions of the technology embargo and the attempt to expand the efforts of the United States to achieve autarchy to other capitalist countries, the CEMA countries succeeded in continuing the scientific-technical relations with capitalist industrial countries. This development of a mutually advantageous technology exchange must pursue the goal of promoting relations with equal rights, thus to exclude any discrimination and to contribute to the recovery of economic relations.

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OFFICIAL TALKS BETWEEN USSR, GDR TRADE UNIONS INITIATED

Delegation Received in Moscow

East Berlin TRIBUNE in German 10 Sep 84 pp 1, 2

[Article by Dr Stefan Richter, Moscow correspondent: "FDGB-Delegation on Friendship Visit in Moscow. Harry Tisch Cordially Welcomed by Stepan Shalaye" ]

[Text] On Sunday a delegation of the Free German Labor Union Federation, led by Harry Tisch, member of the Politburo of the SED Central Committee and chairman of the FDGB Executive Board, arrived in Moscow for an official friendship visit at the invitation of the AUCCTU. At the Vnukovo Airport the delegation received a very cordial welcome by Stepan Shalaye, member of the CPSU Central Committee and chairman of the AUCCTU, by Vasilii Prokhorov, deputy chairman of the AUCCTU, and other representatives of the Soviet trade unions. The FDGB delegation's visit of several days in the Soviet Union, the planned talks and encounters, Harry Tisch and Stepan Shalaye stated during the welcome, serve the further deepening of friendship and cooperation between the trade unions of both countries. At the center of the exchange of views will be the tasks of the two organizations in connection with the further comprehensive strengthening of socialism, the representation of the interests of the working class in their countries, as well as urgent problems of the international trade union movement, above all in the struggle for the preservation of world peace.

The extraordinary and plenipotentiary ambassador of the GDR in the USSR, Dr Egon Winkelmann, was also present during the welcome.

With the laying of a wreath the FDGB-delegation at the Lenin Mausoleum on Red Square honored the memory of the founder of the CPSU and the first state of workers and peasants in the world, Vladimir Ilyich Lenin. The path of the delegation, which was accompanied by Stepan Shalaye and other representatives of the AUCCTU, subsequently led to the burial places in front of the Kremlin wall, where outstanding personalities of the Soviet state, as well as of the international workers' movement, have found their final resting place. At the grave of Fritz Heckert, the delegation honored the international labor leader, anti-fascist and communist, with a bundle of flowers. Afterwards it placed a wreath with the inscription "Glory and Honor to the Heroes of the Great Patriotic War" at the Monument of the Unknown Soldier at the Kremlin wall. During



a minute of silence, the trade union members from the GDR remembered the countless heroes of the Great Patriotic War, who gave their lives in the struggle against fascism. The FDGB bowed in front of the final resting place of the Soviet soldier, whose name is unknown, but whose heroic deed is immortal.

On Sunday afternoon Harry Tisch and his escort visited the Exhibition of Achievements of the National Economy of the USSR in the north of the capital. 130,000 regularly changing exhibition objects illustrate here the current state and the achievements in industry, agriculture, transport and communication and construction, science and culture of the Soviet Union. The Exhibition of Achievements of the National Economy of the USSR, likewise place of recreation and school of the most advanced experience, is attended by more than 10 million guests every year. On the 234-hectare large grounds with 79 pavilions, the trade union members from the GDR informed themselves in detail about the successes in socialist competition and the most recent achievements of Soviet science and technology. Their special interest concerned the special exhibition "Robot Technology" in the pavilion of machine building, as well as the exhibition area of the automobile industry.

Today, on Monday, the official discussions of the delegations of the AUCCTU and the FDGB get underway.

#### Technological Cooperation Stressed

East Berlin TRIBUNE in German 11 Sep 84 pp 1, 2

[Article by Dr Stefan Richter, Moscow correspondent: "Trade Unions of the USSR and the GDR Began Consultations. Stepan Shalayev and Harry Tisch: Cooperation Will Be Further Intensified"]

[Text] Official discussions on the further intensification of the fraternal relations between the trade unions of the GDR and the USSR began on Monday in Moscow. The delegations are being led by the chairman of the FDGB Executive Board Harry Tisch, member of the Politburo of the SED Central Committee, and by the chairman of the AUCCTU, Stepan Shalayev, member of the CPSU Central Committee.

In his statements Stepan Shalayev provided comprehensive information about the magnificent achievements of the Soviet trade union members in the fulfillment of the decisions of the 17th Trade Union Congress, the 26th CPSU Congress, and the most recent plenums of the Central Committee.

In so doing, he entered in detail into the various initiatives of the workers in socialist competition, which are being aimed consistently at the increase of the efficiency and quality of production and on their basis at the increase of the prosperity of the people.

Considerable advances in the improvement of labor and state discipline, in the economy of raw materials and materials, as well as in the improvement of working conditions, were attained through the increase social activities of the workers. The Soviet trade unions, Stepan Shalayev stated, bear great responsibility in the accelerated transfer of the latest scientific-technical

findings into production.

The visit of the FDGB-delegation in the Soviet Union was assessed by Harry Tisch as political demonstration of the unshakable fraternal friendship and the increasingly deepening cooperation of our two countries. In detail he reported on the successes of trade union work, with which the trade union members are realizing the decisions of the 10th SED Party Congress and the 10th FDGB Congress. During these weeks the collectives in the republic are striking a good balance in the fulfillment of their high competition obligations on the occasion of the 35th Anniversary of the GDR, which the workers regard as part of the preparation of the 40th Anniversary of the Victory Over Fascism. The collectives of socialist labor, as well as the efficiency experts and innovators, have a large share in the successful realization of the successful realization of the main task. Harry Tisch gave a comprehensive overview of the entire range of trade union interest representation through the FDGB.

In the discussion the international socialist competition between labor collectives of the USSR and the GDR received a high appraisal. In their talks, Stepan Shalayev and Harry Tisch made known the firm determination of the trade union members of the USSR and the GDR to make every effort in the future as well for peace in order to avoid a nuclear war. The securing of the peace, they said, is the most important of all questions at the present time.

GDR Ambassador Dr Egon Winkelmann also took part in the talks, which took place in a very cordial and comradely atmosphere.

On Monday afternoon the FDGB acquainted itself in the Residential Housing Construction Combine No 1 with the construction tempo in Moscow. If all together in the Soviet capital an apartment is completed every 3 to 4 minutes, the 8,200 employees of the Residential Housing Construction Combine No 1 have a large share in this. Annually they turn over approximately 1 million square meters of living space. Immense: In Krylatskoye, in the west of Moscow, another gigantic new construction area is growing. Here, as in the plate plant, the trade union members from the GDR conducted a lively exchange of experience with the people from construction, of whom quite a few already stayed with their colleagues at the Spree [River]. Since 1967 close relations of friendship link the Residential Housing Construction Combine No 1 with the Berlin Residential Housing Construction Combine. These include international socialist competition, the exchange of labor brigades, and scientific-technical cooperation. These close relations of many years--such direct relations exist at present between 40 Berlin and Moscow enterprises--have also helped, the employees of the Residential Housing Construction Combine No 1 assured their friends from the GDR, in standing at the top in competition of the construction organizations of Moscow for the past 7 quarters. Harry Tisch wished the housing construction workers continued great successes in the improvement of the living conditions of the Moscow residents.

In a radio interview, Harry Tisch expressed his conviction that the friendship visit will provide new impulses to the exchange of concrete experience between the trade union members of the USSR and the GDR and the deepening of the fraternal relations between the peoples of both countries. During a reception,

given by GDR Ambassador Egon Winkelmann for the FDGE-delegation, there were many animated discussions with Soviet trade union members and chairmen of plant labor union executive boards of collectives of GDR citizens who are working in the USSR.

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CEMA'S MIGRANT LABOR FORCES OUTLINED

Hamburg DIE ZEIT in German 21 Sep 84 p 40

[Article by Karl Stipsicz: "The Red Guest Workers--An International Labor Market Has Developed Within CEMA"]

[Text] As every Soviet citizen knows, unemployment is a specter of capitalism. Pictures of West European and North American employment offices, where hundreds of men and women stand in long lines hoping for a job, are as familiar to the inhabitants of the first worker-and-farmer state as vodka with dinner and the long shoppers' lines at the nearest butcher's. Overdemand for jobs is not one of the Soviets' worries. Quite in contrast to Western politicians, Soviet planners fear a lack of workers, caused by declining birth rates and inflated administrative apparatuses which tie many personnel to unproductive activities.

Particularly striking is the lack of organization in offices and large enterprises where three people, in overheated and old-fashioned offices, do the work of one West European secretary. Unemployment and work productivity are kept low through dismissal protection laws and low performance incentives; past achievements of the October Revolution. The meaninglessness of monotonous work, the feeling of being superfluous and symptoms of frustration resulting therefrom, are a favorite subject of East European movies.

The only possible form of protest for workers against conditions in the work place is giving notice in hopes of a better job, a weapon whose edge often enough proves to be blunt. In order to fight the socialist evil of low work productivity, advocates of planned economy hit on totally un-Marxist ideas. In Hungary, for example, for several months the odd term "stimulating unemployment" has been flitting through the media. With state-controlled unemployment of no more than 3 percent the uneven spots in the labor market are to be smoothed over, and lagging workers are to be spurred on.

Although the socialist avant-gardists from Budapest are so far alone with such ideas in CEMA, the introduction of performance pay in Romania and stricter control over absenteeism in Soviet industries point in the same direction.

Problems of a very different kind face the Polish military government which attempts to get youngsters off the street and into factories. Despite enormous industrial complexes and the emigration of several tens of thousands of Poles after the end of the Solidarity interlude, Polish workers today are in each other's way in the work place. The growth rate of the Polish population, which is among the highest in Europe thanks to the high Catholic birth rate, will significantly aggravate the employment problem in coming years.

The road to foreign countries, which saved Tito's Yugoslavia for many years from high unemployment rates, is barred to most Poles. The times are past when the liberal passport laws of the Gierk era enabled many experts to accept jobs for a limited time in Western countries and to return to their homeland laden with dollars. Today, Poles must rely on the negotiating talent of their foreign trade managers if they want to go to foreign countries. They are usually countries of the political East.

To "overcome temporary shortages of capacity and to foster integration among CEMA partners"--the official wording--, since the Fifties a rather international labor market has developed within the Communist economic community, which shuffles around experts as well as unskilled laborers. As guest workers, Hungarian men work in Slovak factories, Poles below GDR-German soil, Bulgarian opera singers in Poland, Cubans in Hungarian textile plants, and representatives of all socialist countries in the Soviet Union.

Work in the USSR, arranged by state trade enterprises, serves not infrequently as payment for loans and raw material deliveries. At economic conferences, the Soviets never forget to remind their small partners of their financial and personal participation in the development of Siberian raw material sources. A reminder which causes anything but enthusiasm among the European CEMA members who are poor in oil and dollars.

The russophile Bulgarians demonstrate their attachment to the great Soviet Union in their own way. For 15 years now, Bulgarian woodcutters and sawmill workers have been laboring in Soviet Kom. For this, 45 per cent of wood production goes to the Bulgarian state which is also responsible for paying its hired-out citizens. The Bulgarians pay their raw material and oil bills by sending 10,000 construction workers who erect blocks of apartment buildings in Moscow suburbs. The gap in their own labor market is filled in turn by 10,000 Vietnamese who, together with well-paid vacation interns from the universities in Sofia, are supposed to overcome the chronic lack of housing. The number of Vietnamese, who are known to be hardworking and undemanding, is to increase several times over.



By loaning out workers, the Poles are paying off piecemeal some of their \$3.8 billion debts in hard currency to their fellow socialist countries: Polish construction workers clamber about the scaffolding of the first Hungarian atomic power plant near Paks on the Danube, renovate the Budapest opera house, and can also be found in the coal mines of west Hungary.

A total of 7,000 Poles in Hungary free a labor capacity which is used primarily to let Hungarian workers earn dollars in Arab countries. Together with the Bulgarians, Czechs and GDR Germans, the Magyars compete for orders in Libya, Iraq and Algeria.

But the East European pursuit of foreign currency also has its price. Prefinancing of building projects is usually up to the bidder, who has to find capital lenders and must rely on the Arabs' willingness to pay. Among the export managers of the CEMA countries, the unprofitability of such long-term agreements is an open secret. However, uncontested beneficiaries of these business deals are the East European skilled workers who receive their salaries in hard dollars. After a 3-year stay, these guest workers return home as the proud owners of duty-free Western medium-priced cars, laden with mountains of Japanese hi-fi equipment--but also with prejudices regarding work morale in the Third World.

Individual job hunting is permitted only by the Hungarian government which, since last summer, lets its citizens go abroad for 5 years if they can show a work permit from the guest country and a valid contract. However, to date only about 100 Magyars--mostly computer technicians and academic personnel--have availed themselves of this cautious opening of the borders. The Kadar government expects long-term effects of this new regulation on the domestic economy through knowledge of languages and experience. It also hopes that this cautious liberalization will slow down the exodus to foreign countries of highly qualified personnel. One example: not one of the eight Hungarian Nobel prize winners now lives, or has died, in Hungary.

Within the CEMA labor market, during the past years a division of labor developed along the lines of the Western model. Poor CEMA members, such as Cuba and Vietnam, provide unskilled labor--and soldiers. The Czechs and GDR-Germans are considered experts in nuclear power and electrical engineering; Hungarians have a reputation as computer specialists; Poles are in demand as restorers, miners and construction workers.

However, the export of artists and athletes also flourishes. Particularly meritorious athletes of great earning power are even allowed to make money on the golden side of the Iron Curtain. Czech soccer star Antonin Panenka plays for Rapid-Wien against the Hungarian star Tibor Nyilasi who is with Austria Wien; the Pole Boniek stars with Juventus Torino; Ivan Lendl is a tennis millionaire just like Pole Wojtech Fibak and Hungarian Balasz Taroczy. And Karel Gotl, "the golden voice from Prague," for many years has been singing for hard currency and much of that time has been spent in the FRG.

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SUSTAINED CONTRIBUTION TO CEMA CHEMICAL INDUSTRY CITED

East Berlin NEUES DEUTSCHLAND in German 14 Aug 84 p 2

[Article by Dietmar Rietz entitled: "CEMA-Experts for Chemical Plants: International Repair Service Links Repair Men Across National Frontiers"]

[Text] Most recent examples of the work of the International Repair Service for Petroleum Processing Installations (IRD): Specialists from the Zeitz Hydrogenation Plant helped colleagues in the Bratislava Slovnaft Combine with the major repair of petroleum processing installations. Experts from the CSSR, Hungary and Poland gave support to the chemical workers in the Boehlen VEB Otto Grotewohl with the major repair of the olefin complex. From Bratislava and Boehlen, the participating collectives returned with good references and international experience to their homelands.

The use of repair men across national frontiers has been a routine matter in socialist economic integration in the sphere of chemistry since 1976. The IRD is part of the cooperation of socialist countries, which--as confirmed at the highest level in June 1984 in Moscow during the economic consultation of CEMA--is to be elevated to a new step.

The chemical industry of our republic is a respected partner in the fraternal countries in the 35th year of the GDR, which is at the same time the 35th year of the existence of the Council for Mutual Economic Assistance. What has been created in only 3½ decades between Leuna and Schwedt, Plesteritz and Schwarzhilde, finds worldwide recognition. In more than 300 chemical enterprises approximately 320,000 employees today produce 50,000 products, they produce more than one-fifth of the total commodity production of the republic.

Within CEMA the GDR, in accordance with the long-term program for specialization and cooperation assumed the expansion of the production of synthetic fibers, plastics, elastomers and certain medicines. The experience and results of the GDR chemical industry in the development and intensification of production enter into the good balance which as a whole can be struck by the CEMA member countries. From 1950 to 1982, for example, the commodity production of the chemical industry in CEMA increased by a factor of 29. The development tempo of this sphere thus was twice as high as that of industry as a whole.

The highly-productive chemical installations in the petroleum processing and petrochemical industry of the CEMA area embody immense values. The most important path of intensification of such production complexes is a continuous use of capacity with the smallest possible times of standstill. Annual systematic general overhauls or repairs are a step toward increasing efficiency, stability and growing productive capacity of the installations. International cooperation in this area, among other things, proves to be economically advantageous because as a result not every participating country is induced to develop all special industries, which would not be run at full capacity in a single country.

Already in 1973 a collective of Bulgarian, Polish and GDR specialists passed its baptism of fire during the reconstruction of the Schwedt Crude Oil Distillation II. Furnace masons, locksmiths, fitters and BMSR [not further identified] technicians from the fraternal countries helped see to it that the installation could go into operation 7 days earlier than planned. This resulted in the processing of 60,000 additional tons of oil.

In the meantime, the International Repair Service has increased further, and repair men from enterprises in Bulgaria, the CSSR, the GDR, Cuba, Poland, and Hungary help one another in the preparation and execution of major repairs. We are represented through the Leuna and Schwedt combines. In so doing, the international service increasingly combines tasks of reconstruction with those of intensification. The performances in the fraternal countries are settled on the basis of reciprocity.

Since the sphere of responsibilities of the IRD was expanded during the past year to include complete large-scale chemical installations, the labor organization also changed. Henceforth all missions generally are based on joint programs of competition. The goal is the further reduction of repair times in the presence of high quality and on-the-job safety.

All in all the men of the IRD have been in action for 47,000 work days since the existence of the organization up to now for the benefit of all participating countries.

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## INTERNATIONAL AFFAIRS

### BRIEFS

**CEMA SHOWS RAPID GROWTH--**Moscow (ADN)--The rate of development of the CEMA member countries between 1970 and 1983 was twice as high as that of the developed capitalist states. This was stated by the secretary of CEMA, Vyacheslav Syrov to TASS. The volume of the commodity exchange between the fraternal countries, he said, increased by a factor of 4.5 during the same time period and in 1983 reached more than 167 million rubles. The 10 CEMA states produced one-fourth of the national income and one-third of the industrial production in the world. [Text] [Neubrandenburg FREIE ERDE in German 8 Sep 84 p 1] 8970

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SURVEY OF ECONOMIC DEVELOPMENT, PROGRESS SINCE 1944

General Economic Survey

Sofia PLANOVO STOPANSTVO in Bulgarian No 7, 1984 pp 3-12

[Article by Nayden Naydenov, first deputy chairman of the State Planning Committee: "Ascending Socioeconomic Development"]

[Text] This year our nation will celebrate a major jubilee, the 40th anniversary of the socialist revolution in Bulgaria. During these 40 years of socialist construction under the leadership of the BCP, our people has carried out revolutionary transformations in all areas of life. With the fraternal and selfless aid of the Soviet Union and the other socialist countries, the economic might of the nation has grown rapidly, the material and spiritual well-being of the people has risen and a socialist way of life has become established. As a result of this, the appearance of our country has changed fundamentally. From a poor, previously backward agricultural country, Bulgaria has been turned into a developed industrial state with modern agriculture.

The period since the historic April Plenum of the BCP Central Committee in 1956 has been a particularly fruitful one for the ascending socioeconomic development of the nation. The general April line of the party, as Marxism-Leninism in action under our specific conditions, the creator and strategist of which is the general secretary of the BCP Central Committee and chairman of the State Council, Comrade Todor Zhivkov, provides broad scope for the creative initiative of the people and for the accelerated socioeconomic development of the nation.

As a result of the inspired labor of the people, the aid of the Soviet Union and the other socialist countries, the instructions of Georgi Dimitrov have been successfully carried out that by industrialization and the electrification of the nation and the introduction of machines into agriculture in 15-20 years we can achieve what other countries, under other conditions, have achieved over a century. The bases of socialism have been built and the nation has entered a new stage of its development. The 10th BCP Congress adopted the party program for building a developed socialist society in our country.

The achieved historical successes are the result of the creative application and development by our party of Marxist-Leninist theory under our specific conditions. An enormous personal contribution in this regard has also been made

by Comrade Todor Zhivkov, who has analyzed the main problems of our development and outlined the specific ways for resolving them. Of particular significance for the present stage are the theoretical concepts and practical approaches of Comrade Todor Zhivkov since the 12th Party Congress.

During the past 40-year period, the development of socialist Bulgaria has been characterized by high and stable economic growth rates. National income, the most synthetic indicator of national economic development, in 1983, in comparison with 1948, has risen by 13-fold. In parallel with the great quantitative growth, as a result of industrialization, substantial changes have also occurred in the structure of produced national income in the various sectors. While in 1948, 23 percent of national income was created in industry and 58 percent in agriculture, in 1983, the relative share of industry reached around 56 percent while that of agriculture had declined to about 17 percent, regardless of the significant increase in the volume of agriculture product during this period.

As a result of the party's consistently carried out strategic course of all-around intensification of the national economy, in the last five-year plans national income has risen predominantly due to intensive factors. During the 1971-1983 period, national income rose by 2.21-fold while social labor productivity increased by 2.16-fold. This shows that virtually the entire increase in national income has been achieved as a result of a rise in social labor productivity.

The high and stable economic growth rates are inseparably linked with creating the material and technical base. As a result of the full-scale investment program, within a brief period of time a powerful material and technical base for our nation has been created on a modern technical and technological level. The historic task of industrializing the nation and modernizing and technically reequipping agriculture and the other sectors of the national economy has been successfully carried out. Fixed capital in the national economy increased from 39.9 billion leva in 1970 to 94.3 billion leva in 1983, while productive capital alone rose from 21.9 billion leva to 64.5 billion leva, including from 11.1 billion leva to 35.9 billion leva in industry.

In recent years, in accord with the ideas of Comrade Todor Zhivkov, on the nature and essence of the material and technical base of a socialist society, a process has been carried out of rapidly renewing the material and technical base on a foundation of the last achievements of scientific and technical progress. Complete automation and mechanization of the production processes and control is being widely introduced in the national economy. The number of mechanized and automated shops, sections and production lines has been constantly growing. In 1983, in industry the number of mechanized and automated flow lines reached 4,051 while the number of fully mechanized and automated sections, shops and production lines was 1,404. As a result of this, manual, physically heavy and unattractive labor has declined, labor productivity and product quality have risen while the nature of labor has been changed.

The consistent introduction of scientific and technical achievements has been an important factor for the dynamic socioeconomic development of the nation and for increasing the effectiveness of social production and product quality.

All sectors are widely introducing new, waste-free or low-waste production methods for the complete and integrated processing of raw products and materials, fundamentally new and improved designs of machinery and equipment as well as new, effective materials. The application of biotechnological, radiation and other advanced production methods has assumed particular importance. As a result of this, the fuller utilization of the raw material, energy and labor resources has been achieved.

A major victory for socialist construction has been the improvement in the national economic structure. As a result of the accelerated development of the modern and promising sectors and types of production, Bulgaria has developed an economic structure characteristic of highly developed countries. The improvement in the structure has been expressed primarily in the more rapid growth of industry in comparison with the other sectors. Over the 1970-1983 period, the volume of total industrial product has risen by over 2.3-fold, including by 2.5-fold for the means of production (the "A" group) and over 2-fold for consumer goods (the "B" group). In recent years, the development rates of the "A" and "B" groups have shown a tendency to draw closer. In parallel with the growth of industrial production, progressive qualitative changes have been carried out in the structure of the sector and aimed at the predominant development of the structure-forming sectors, that is, machine building and electronics, the chemical industry, power and metallurgy.

To meet the growing needs of the national economy and population for electric and thermal power, large thermal and hydropower plants have been built such as the Maritsa-Iztok Power Complex, the Varna TETs, the Belmeken--Sestrimo series of hydropower plants and many others.

The first nuclear power plant has been built in Kozloduy and this marks the beginning to our nuclear power. In terms of per capita production of electric power (some 4,770 kw hours), Bulgaria has caught up and outstripped a number of the developed countries. In terms of the relative share of electric power from nuclear power plants, our nation is in a leading place in the world.

During the years of socialist construction, ferrous and nonferrous metallurgy was essentially established in our country. On a per capita basis in 1983, we produced 188 kg of iron and ferroalloys, 316 kg of steel, 362 kg of rolled ferrous metals, showing that our nation for these indicators has reached the level of a number of developed countries. The introduction of new production methods in ferrous metallurgy creates opportunities to improve product quality and the relative share of high-grade steels and rolled products. This, in turn, will help to reduce metal consumption per unit of product in machine building, construction and other sectors.

Machine building has developed at the fastest pace as the basis for the technical reequipping of all the sectors, for more fully satisfying the needs of the population for household equipment as well as for effective participation in the international division of labor. In comparison with 1970, in 1983, the total product of the machine building and metal working industry had risen by over 3.1-fold and for the electrical equipment and electronics industry by over 6.7-fold. The relative share of machine building in the volume of total

industrial product reached 23 percent. The role of the sector has been growing constantly in creating the material and technical base adequate to a mature socialist society.

The intrasectorial and product structure of machine building and electronics has been in a process of ongoing improvement. Heavy investment machine building has been developing at a more rapid rate along with computer and office equipment, electronic and component elements, the production of metal cutting machines, equipment for automation, instrument building and others.

Modern Bulgaria produces electronic computers, robots and industrial manipulators, metal cutting machines with numerical-program control, modern ships and a number of other machines and types of equipment. In terms of the per capita production of battery-operated and internal combustion engine plant trucks our nation holds first place in the world. Particular attention has been given to the production of systems of machines, production lines and integrated installations.

The advances made in the development of machine building have created the possibility of the sector's active involvement in the international division of labor and particularly in socialist economic integration with the CEMA member nations. The relative share of machine building and electronics has been constantly increasing in our foreign trade. At present, production-end machinery and equipment comprises over 54 percent of the nation's export list.

The chemical industry has been developing rapidly. The product of this promising sector in 1983, in comparison with 1970, had risen by over 3.1-fold while its relative share in total industrial product was 8.2 percent. Large chemical combines have been built in Burgas, Devnya, Pleven, Vidin, Dimitrovgrad and elsewhere using modern equipment and production methods and producing a broad range of chemicals. In recent years, there has been the more rapid development of the chemical-pharmaceutical and perfume-cosmetic industry, light chemistry and other promising subsectors. At present, our nation produces plastics, chemical fibers, synthetic rubber, medicines, fertilizers and agricultural chemicals, paints and varnishes and other products. In terms of the per capita production of soda ash our nation is in first place in the world and in terms of artificial textile fibers and nitrogen fertilizers in fifth place. The participation of the sector in exports has been constantly broadening.

In order to more fully satisfy the needs of the population for food and non-food items, the light and food industries have been developing dynamically. The assortment of articles has been significantly enriched and product quality in these sectors has been improved. The production of high-fashion, luxury and delicatessen products has been growing rapidly. Light industry has developed a number of new types of production based on the use of chemical raw products and materials. Substantial structural changes have occurred in the food industry aimed chiefly at the rapid development of the meat and dairy industry. This has created conditions for more fully satisfying the needs of the public and improving the structure of the people's diet.

During the years of socialist construction a fundamental transformation of agriculture has been carried out and as a result of this steady development rates



have been achieved for the sector. In 1982, in comparison with 1970, total agricultural production increased by around 35 percent. Livestock raising has been developing at a more rapid pace and as a result of this the ratio has substantially changed between crop and livestock products: from 64.7 percent: 35.3 percent in 1970 to 44.9 percent: 55.1 percent in 1983.

At present, Bulgaria has established a consolidated, highly mechanized agriculture which is developing intensely. The high degree of concentration has created conditions for the broad use of modern, highly productive equipment and for the specializing of the agricultural crops according to the soil and climatic conditions in the individual areas. New, high-yield crop varieties and animal breeds are widely being introduced along with modern farming equipment and industrial production methods.

In the area of crop raising there has been the predominant development of grain production as a strategic aim. In 1982, grain production surpassed 10 million tons and, respectively, 1.1 ton per capita. Along with this the production of fruits and vegetables, industrial crops and so forth has increased.

The average yields from a unit of area have grown significantly. The average wheat yields have risen from 299 kg in 1970 to 463.4 kg in 1982, grain corn, respectively, from 372.7 kg to 548.4 kg, sunflower seed from 145.8 kg to 201, cotton from 85.9 kg to 157.8 kg and so forth. In terms of per capita tobacco production, our nation holds first place in the world, second for sunflower and tomatoes, third for wheat and apples, fourth for berries and so forth.

There has been an increase in the number and an improvement in the breeding of the livestock animals and their productivity. Production of livestock products has grown significantly. For example, meat production has increased from 476,000 tons in 1970 to 846,000 tons in 1983, milk from 1,583,000 liters to 2,443,000 liters, eggs from 1,617,000,000 to 2,639,000,000, unwashed wool from 29,000 tons to 35,000 tons and so forth.

In the achieving of these results, a major role has been played by the technical reequipping of the sector and the application of modern farm equipment. Agriculture more and more is being saturated with highly productive equipment for working the soil and harvesting, for mechanizing the livestock raising processes and so forth. Agricultural aviation is being widely employed for fertilizing and plant protection of the agricultural crops. The use of chemical and biological methods has become a permanent feature in agricultural practice.

Land reclamation construction has been rapidly developed as an important prerequisite for intensifying the sector, for raising and stabilizing the yields of the agricultural crops. The irrigated area in the nation has reached around 12 million decares, which is about 25 percent of the arable land. Particular attention has been given to the further development of irrigated agriculture, to the reconstruction, modernization and enlarging of the irrigated areas, to the use of modern irrigation methods and techniques.

In accord with the growing needs of the national economy and the public for freight and passenger shipments, transport services have been broadened and

improved. Rail transport has been developed as the basic link in the transport system. Steam traction has been completely replaced by electric and diesel. In 1983, the electrified railway lines were 1,994 km while the double track was 770 km. The railroad rolling stock has also been improved. Particular importance has been assumed by the more rapid development of rail transport in comparison with motor transport for domestic shipments as well as its electrification in the aim of increasing the effectiveness and saving liquid fuels. Motor transport has been developing dynamically, with the motor vehicle fleet being significantly expanded and improved. The share of major and first-class roads has been increasing in the highway network.

Water and air transport have actually been established during the years of socialist construction and over a short period of time have been turned into viable links in the unified transport system. The role of water transport has been constantly increasing in international shipments while air transport provides rapid and high-quality hauling of passengers and cargo to many countries.

In accord with the extensive construction program related to the accelerated socioeconomic development of the nation, construction has also been developed and industrialized. Large construction-installation organizations have been established and these possess modern, highly-productive equipment. At present, in construction more than 90 percent of the construction-installation work has been mechanized. Over 50 percent of the total volume of construction-installation work is performed according to industrial methods and over 80 percent just in industrial and housing construction.

The new approach worked out by Comrade Todor Zhivkov is of exceptional importance for a further improvement in the production structure. In accord with this approach it is essential to continue developing the sectors in which our country has specialized within the socialist commonwealth. On the basis of the achievements of the scientific and technical revolution, it is essential to develop the new priority types of production with the aim of winning new positions on the socialist and international markets. We must convert more broadly to the building of small- and medium-sized enterprises on the highest technological level for producing a rich range of materials, assemblies and parts as well as high-quality goods for the population.

A sharp rise in product quality, its technical level and reliability is of particular importance to the further development and improving of the production structure. The ongoing solution to this major problem for our development will be provided on the basis of the party's long-range program for improving quality.

On the basis of dynamic economic development, the highest goal of party policy "all in the name of man, all for the good of man" has been consistently carried out. The constant increase in national income and the growth and diversification of product have created conditions for a steady rise in the standard of living of the people and for the ever-fuller and more complete satisfying of the material, spiritual and social needs of the population.

The rise in the prosperity of the people has been expressed in an ongoing increase in nominal wages and real income of the workers. In comparison with

1970, in 1983, nominal wages rose from 1,486 leva to 2,419 leva and real income rose by close to 1.7-fold. The relative share of lowly paid worker categories has been dropping rapidly while the amount of the minimum wage has been significantly increased.

The income received by the public from the public consumption funds has also grown. The per capita public consumption funds have increased from 285 leva in 1970 to 766 leva in 1983.

A new expression of the party's concern for increasing the well-being of the population is the Decree No 16 of this year of the BCP Central Committee, the Bulgarian Council of Ministers, the Central Council of Bulgarian Trade Unions, the National Council of the Fatherland Front and the Central Komsomol Committee for further carrying out the December program to raise the standard of living of the people.

The dynamic development of production and the improving of its structure create conditions for increasing and enriching the commodity stocks. The importing of consumer goods has been growing to create a richer assortment.

Progressive changes have also occurred in the consumption structure and these are expressed in a reduced proportional amount of food products and a rise in the share of non-food commodities, primarily consumer durables. Our people is coming closer and closer to the rational and scientifically based standards and norms for the consumption of basic food and non-food items.

Substantial changes have occurred in the structure of the diet, with a significant increase in the consumption of animal products. In comparison with 1970, in 1983, per capita meat consumption increased from 41.4 kg to 69.5 kg, from 117 liters of milk to 183 liters, from 122 eggs to 225, from 89 kg of vegetables to 109 kg and so forth.

The supply of the population with consumer durables has been constantly improving. In comparison with 1970, in 1983, the number of cars per 100 households rose from 6 to 34, for household refrigerators from 29 to 88, television sets from 42 to 87 and so forth.

A great effort has been made to improve the housing, utility and domestic conditions for the people. During the 1971-1983 period, over 750,000 new residences were built. Central heating of the housing is being rapidly expanded and the amenities of the population points are being improved. The domestic services for the population are constantly being broadened and diversified.

A major social victory for the Bulgarian people has been free public health and education. The public health network in the nation has been constantly enlarged and improved, preventive work and the quality of medical diagnostic activities have become better. Per 10,000 persons of the population there are 27 physicians, 7 stomatologists, 114 beds in hospitals, medical institutions and sanatoriums. Great advances have been made in raising the educational level of the people. At present efforts are being focused on reorganizing the educational system in the aim of improving the quality of training for specialists in accord with the requirements of scientific and technical progress.



Bulgarian culture and art are constantly on the ascent and their role in the spiritual growth of the people has been rising.

A great effort has been made for the recreation of the workers. The number of vacation homes has risen from 986 in 1970 to 1,544 in 1983 while the number of citizens vacationing in them has risen, respectively, from 448,000 to 1,115,000.

During the years of socialist construction, major advances have been made in overcoming the substantial differences in the socioeconomic development of the individual territories of the nation. In a short period of time a number of enterprises and infrastructure projects have been built in Smolyan, Kurdzhali, Blagoevgrad, Shumen, Razgrad, Turgovishte, Silistra and other okrugs. This has made it possible to more fully utilize the existing natural and labor resources in the individual regions, to increase the income of the population and significantly improve the service sphere.

Of important significance for further bringing the levels of socioeconomic development in the nation's individual regions closer together has been Decree No 22 of the BCP Central Committee and the Bulgarian Council of Ministers of 1982 Governing the Development of the Border Regions, the Strandzhen-Sakar Area and the Conurbation Systems of the Fourth and Fifth Functional Types.

Particular attention has been given to the further territorial concentration and specialization of production on the basis of the multiplier approach. The creating and rational utilization of a unified technical and social infrastructure are of substantial significance in improving production efficiency and bettering the services for the population. An important factor for the integrated development of the territorial units is the accelerated building of small- and medium-sized enterprises, particularly in the border areas and in the conurbation systems of the fourth and fifth functional types. On this basis there will be a further drawing together of the per capita income, the degree of fully satisfying the needs of the public for goods and services, as well as the living conditions in the individual territorial units.

All-round economic progress creates conditions for the active participation of Bulgaria in the international division of labor and primarily in the socialist economic integration with the CEMA member nations and particularly the Soviet Union. As a result of equal and mutually advantageous collaboration, specialization, cooperation and integration in the area of science and technical progress between the socialist countries, our nation has been turned into a developed industrial-agrarian country. At present, Bulgaria is an equal economic partner of every developed state and maintains trade relations with 120 countries in the world.

Foreign economic ties have been developing rapidly in keeping with the growth of our economic potential. In terms of the development rate of trade turnover, Bulgaria is in one of the first places in the world. In comparison with 1970, trade turnover in 1983 rose by 3.2-fold, with exports increasing by over 3.7-fold and imports by over 2.6-fold. The trade structure has fundamentally changed and its geographic limits have broadened. In the aim of increasing export effectiveness, in recent years our nation has focused more and more on the production of end products with a high degree of completeness, on a rapid

improvement in the quality and reliability of the articles and better servicing.

Foreign trade with the socialist countries and primarily with the basic foreign trade partner of the Soviet Union is of crucial importance for the nation. On the basis of specialization and cooperation and the deepening of integration processes, trade with the CEMA member nations has been constantly broadening. Its relative share in 1982 reached 73 percent of the total volume of foreign trade.

Foreign economic ties are also broadening with the developed nonsocialist countries. In comparison with 1970, trade turnover with them has increased by around 4-fold. Other forms of economic collaboration have also been significantly expanded and this conforms to the objective trends in the international division of labor.

Our foreign economic ties with the developing countries have also been constantly broadening and deepening. In 1983, trade with them increased by more than 10-fold in comparison with 1970. Our nation is providing them technical aid and assistance in building complete projects, in prospecting for minerals, in developing agriculture and so forth. Other forms of economic cooperation are also being developed.

Progressive changes have also occurred in the export structure. Each year there has been an increase in the relative share of commodities with a high degree of processing and particularly machine building and electronics articles. Production-end machinery and equipment comprise 54.5 percent of the exports and food products only 13 percent.

The successes achieved over the 40 years of socialist construction are a dependable basis for successfully carrying out the party decisions concerning the further building of a mature socialist society. The inspired labor and monolithic unity and solidarity of the people around the tested April party line, collaboration with the fraternal socialist countries and all-round integration with the Soviet Union are the guarantee for the nation's further ascent in all areas of life.

#### General Industrial Achievements

Sofia PLANOVO STOPANSTVO in Bulgarian No 7, 1984 pp 13-19

[Article by Dimitur Dachev, deputy chairman of the State Planning Committee: "Socialist Industry--The Offspring of the 9 September Victory"]

[Text] Forty years have passed since the victory of the socialist revolution in Bulgaria. This brief historical period in terms of its scope and daring has no equal in the 1,300-year history of the nation. The Bulgarian people under the leadership of their Communist Party and with the fraternal aid of the Soviet Union have achieved what other peoples achieved in centuries under better conditions.

With the victory of 9 September 1944, an end was put to the political power of the Bulgarian bourgeoisie and this realized the immediate goal of the working class and its vanguard, the Communist Party.

The policy of the BCP since the 9 September victory has been focused on building a socialist type of production relations which would be inconceivable without the final and irreversible elimination of capitalist private ownership of the means of production. This was the path to establishing socialist class relations and instituting new socialist forms of distribution.

Like any policy, the economic policy of the Communist Party reflected definite economic interests, those of the workers. Thus, during the transitional period the culmination of which was the full nationalization of the capitalist ownership of the means of production in December 1947, the party's policy was focused on eliminating the economic advantages of the bourgeoisie. Simultaneously with the carrying out of this task, the need arose for rapid industrialization of the nation objectively determined by the low development level of the productive forces. Ultimately, the carrying out of the party's social policy depended upon rapid industrialization.

From the rostrum of the 5th BCP Congress, Georgi Dimitrov provided the precise, profound and well-reasoned Marxist analysis of the objective necessity for dynamic development of the productive forces, as the chief material basis for establishing socialist production relations in our country.

Socialist industrialization was a difficult task because we did not inherit a great deal from capitalism. For more than 60 years, industry had developed according to the limited capabilities and interests of the bourgeois state. Industrial production was aimed chiefly at the elementary processing of agricultural raw materials. Socialist industrialization became the main direction in BCP economic policy.

The creation of the material and technical basis of industry started during the First Five-Year Plan over which some 622 million leva were invested. At that time, such major enterprises went into operation as the Chemical Combine in Dimitrograd, the high- and low-voltage plants in Sofia, the St. Kiril and Iohann Pulp Plant in Stamboliyski and the foundations were laid for the Lenin Metallurgical Plant in Pernik, the Karl Marx Soda Plant in Devnya and others. Total industrial product in 1952, in comparison with the prewar 1939, had increased by more than 4-fold.

During the Second Five-Year Plan, capital investments doubled and exceeded the amount of 1.2 billion leva. The Sofia Metal Cutting Machines Plant, the G. Dimitrov Plant for Agricultural Machine Building in Ruse and the G. Dimitrov Shipbuilding Yard in Varna were built and further construction was carried out on the Lenin Metallurgical Plant. The K. Marx Soda Plant in Devnya, the Antibiotics Plant in Razgrad and others went into operation.

The April Plenum of the BCP Central Committee in 1956 was of historical significance for the development of the productive forces. After it the best conditions were established for the development of the economy's material and technical base and primarily for its industrialization. The abandoning of the

consumer approach in the distribution of national income created an opportunity to acquire the material prerequisites for more rapid and extensive economic progress. The basic portion of investments went into the sphere of material production and primarily into industry.

During the period of 1956-1983, close to 44 billion leva were invested in creating the material and technical base of industry. In 1983 alone, 4 billion leva were allocated and this was almost as much as the capital investments of the entire Fourth Five-Year Plan. The development of the energy and raw material base received a powerful impetus and in this manner we realized Lenin's concept of ensuring material production: "A rise in labor productivity requires primarily ensuring the material base of large-scale industry: the development of the production of fuel, iron, of machine building and the chemical industry. Exploiting the natural riches using the most modern methods will create a basis for unprecedented progress of the productive forces."<sup>1</sup>

The course adopted after the April Plenum (1956) made it possible during the Third, Fourth and Fifth Five-Year Plans, that is, during the 1956-1970 period, to basically create the material and technical base of socialist industry, thereby carrying out the main strategic task of the BCP during these years. The fixed capital of the national economy amounted to 32.9 billion leva of which one-third was in industry.

All of this provided an opportunity for the 10th Party Congress to conclude that "Bulgaria is entering a new stage of development, a stage of building a developed socialist society."<sup>2</sup>

At present, our nation possesses a powerful and vast material-technical base for industry. In 1983, the fixed capital of the nation reached the impressive amount of 94.3 billion leva, with 35.9 billion leva in industry, or 38 percent of the total amount of capital. The fixed capital has been growing most rapidly in the structure-forming subsectors such as power, metallurgy, machine building and the chemical industry with close to 60 percent of the sector's fixed capital concentrated here.

A major source of pride for socialist construction is the following projects built with Soviet assistance: the Kozloduy Nuclear Power Plant, the Maritsa-Iztok Economic Mining-Power Combine, the Leonid Brezhnev Metallurgical Combine, the nonferrous metallurgy combines in Srednogorie, Plovdiv and Kurdzhali, the heavy chemistry combines in Devnya, Dimitrovgrad, Burgas, Vidin, Stara Zagora, Svishtov, Vratsa and others.

Our machine building determines the appearance of socialist industry. At present, Bulgaria possesses hundreds of modern machine building combines and plants. The central place in Bulgarian machine building is held by such enterprises as the Sofia Computer Plant, the Sofia Elektronika [Electronics] Plant, the Silistra Office Equipment Plant, the storage units plants in Stara Zagora and Plovdiv, the 6-ti Septemvri Battery-Operated Plant Truck Combine in Sofia, the Dunav Battery-Operated Plant Truck Combine in Lom, the Rekord Combine for Internal Combustion Engine Plant Trucks in Plovdiv, the plants for metal cutting machines in Sofia and Pazardzhik, the Electric Hoist Combine in Gabrovo, the Economic Combine for Heavy Machine Building in Radomir and scores of others.



In 1983, the share of product from industry in all material production was 69 percent. More than 55 percent of national income is created in industry.

At present, Bulgaria holds first place in the world for the production of battery operated and internal combustion engine plant trucks, soda ash and cigarettes on a per capita basis. Also on a per capita basis it is in third place for the mining of lignite and brown coal, in fifth place for the production of nitrogen fertilizers, sixth for cement and in twelfth place for the production of steel and electric power. Our country is the leading one in the socialist commonwealth in the development of electronics. The exports of electronic products on a per capita basis for which we are in one of the leading places in the world, like the exports of industrial goods exceeding 90 percent of the total exports of the nation, eloquently illustrate the progress in our industrial development.

The successes of socialist industry are a natural result of the party's policy and the carrying out of the main strategic task of building a developed socialist society in our country. The building of a developed socialist society also includes the creating of an adequate material and technical base of this society. This means that it must be on a level of the present-day achievements of the scientific and technical revolution.

In his report at the 12th Party Congress, Comrade Todor Zhivkov said: "The alternative is clear: during the following period we must convert everywhere to predominantly intensive development of the economy and the other spheres of social life."<sup>3</sup>

At the present stage, the policy of intensification is the core of the party's economic policy and this will be carried out by introducing the most modern scientific and technical achievements. At present, the scientific and technical policy is assuming even more definite importance because our economy is still marked by significant capital intensiveness. Its realization makes possible also the realization of the economic and also the entire socioeconomic policy of the BCP.

The classic type of intensive development will exist when the rise in national income is determined not only by an increase in the productivity of live labor but also by the all-round savings of live and embodied labor. The intensification of production involves an improvement in the means and subjects of labor while this means the use of modern equipment and progressive production methods in all spheres of material production and primarily industry. The creation and use of new materials, of waste-free and low-waste production methods and of highly productive machines, robots and manipulators will be the basis for further reducing the expenditures of labor, raw products, materials, fuel and energy. For this reason socialist industry will develop by introducing the most recent achievements of the scientific and technical revolution.

As the main agent of scientific and technical progress, a particularly large emphasis is being put on the development of Bulgarian machine building. While in 1983 the share of machine building product in industrial product was 22.6 percent, in 1985, this will reach 24 percent and according to preliminary studies is expected to be around 28-30 percent in the year 1990.

By introducing more advanced equipment and production methods we must gradually have the capital-to-labor ratio develop at a slower pace than the productivity of live labor. In this manner our industry, in establishing the pace for the national economy, will assume a capital-saving nature.

Intensification is also most closely tied to the problem of product quality. A product with a higher quality means a greater consumer value and hence the more fully satisfied demand and a greater total value.

The materials of the National Party Conference (March 1984) have set the responsible tasks and here socialist industry plays the main role in carrying them out. These tasks have acquired further concretization in the long-range party program approved by the conference for improving quality. These are addressed to the individual sectors of material production, including the industrial sectors of machine building, electronics, chemistry, power, ferrous and nonferrous metallurgy, light industry and so forth.

The implementing of the party's strategic goal has been accompanied by the ubiquitous and complete introduction of the new economic approach and its mechanism. Its application in industry will provide a powerful impetus in its development and hence in realizing the scientific and technical revolution. In the seventh lecture of a series given by Comrade T. Zhivkov to students and teachers at the AONSU [Academy of Social Sciences and Social Administration], he said: "The strongest weapon on which socialism can count in the historic competition with capitalism is labor that is better quality, more productive, more humane labor, labor which more and more is founded on the most recent achievements and discoveries of the scientific and technical revolution."<sup>4</sup>

During the subsequent five-year plans, the structure-forming sectors will be developed more rapidly, including: power, machine building, electronics, metallurgy and chemistry.

Our power system will be developed in accord with the further electrification of the nation's power balance, in devoting chief attention, efforts and money to the development of nuclear power.

The growing share of machine building in the amount of industrial product will be determined chiefly by the production of machinery, equipment, preassembled parts, assemblies and units with a high degree of reliability and precision and providing a systematic decline in operating expenditures. The production of flexible, automatic production systems will be furthered.

Bulgarian electronic products will be updated by the series production of microcomputers and microprocessors with increased speed, a new generation of small and large computers, storage units with increased recording density, systems with colored graphics terminals and so forth.

Metallurgical production will develop in the direction of improving product quality and bettering the production processes. New grades of high-strength, carbon, stainless, alloyed structural, nitrided and other high-quality and special steels will be developed. Continuous steel casting will be widely employed along with injection casting, vacuum casting, blasting with inert gases

and so forth. The share of high-quality rolled ferrous and nonferrous metals will be increased.

The chemical industry will develop by introducing new products, improving the quality of existing ones and the complete processing of the basic raw materials. The appearance will be diversified and the quality and color range of produced plastics will be improved. We will produce liquid and slow-acting fertilizers and fertilizers with microelements, chemical fibers with improved physicochemical properties and so forth. Light chemistry will be developed with a broad and diverse product range.

The share of the structure-forming sectors in industrial product will rise from 46.9 percent in 1983 to 51.3 percent in 1985 and will reach around 55 percent in 1990.

The better use of the three elements of production--the means of labor, the subjects of labor and the labor force--will lead to increased production efficiency. While in 1980 aggregate profit per 100 leva of fixed productive capital was 17.3 leva, with this base it will rise by 11 percent in 1985 and by 36 percent in 1990.

Over the comparatively short historical period of 40 years, our people under the leadership of the BCP has won great successes in the all-round development of industry, the fruit of unshakable Bulgarian-Soviet friendship. Its further development will be in accord with the carrying out of the tasks posed by the 12th Congress for intensifying production and introducing the most recent achievements of scientific and technical progress.

Due to the farsighted policy of the BCP, real conditions are being created for the dynamic development and increased efficiency of industrial production as the basis for raising the quality level of the socialist material and technical base.

At present, industry is the decisive factor for general economic development in the nation and for raising the standard of living of the people. Without a developed industry we cannot conceive either of highly productive machines, high speeds, modern mass information media and culture. Without it it is impossible to create those material prerequisites which will most fully and completely disclose the historical advantages of socialism as a social system and establish the prestige of Bulgaria.

#### FOOTNOTES

- 1 V. I. Lenin, "The Pending Tasks of Soviet Power," "Soch." [Works], Vol 27, p 248.
- 2 "Programa na Bulgarskata komunisticheska partiya" [BCP Program], Sofia, Partizdat, 1971, p 41.
- 3 T. Zhivkov, "Otchet na Tsentralniya komitet na Bulgarskata komunisticheska partiya pred Dvanadesetiya kongres i predstoyashtite zadachi na partiyata"

[Report of the BCP Central Committee to the 12th Congress and the Pending Tasks of the Party], Sofia, Partizdat, 1981, p 21.

- <sup>4</sup> T. Zhivkov, "Aprilskata liniya na BKP--marksizum-leninizum v deystvie" [The April Line of the BCP--Marxism-Leninism in Action], Sofia, Partizdat, 1984, p 11.

### Problems of Regional Planning

Sofia PLANOVO STOPANSTVO in Bulgarian No 7, 1984 pp 32-38

[Article by Zlatko Stoyanov, deputy chairman of the State Planning Committee: "The Territorial Organization of Social Production--An Important Factor for the Accelerated Socioeconomic Development of the Nation"]

[Text] Regional policy is an essential element in the management of any developed society. It is an important instrument of the ruling class for achieving the planned economic and social goals in the individual stages of social development. The aims of regional policy are determined by the nature of the existing social system and by the basic tasks which have been set to achieve. The main thing in its content is the development of a territorial organization of production and the regional regulation of social processes depending upon the interests of the state and class which heads political leadership.

Only under socialism is the territorial organization of the entire process of socioeconomic development subordinate to the achieving of the most humane goal of all for the sake of man, all for the good of man. This derives from the very essence of the new society. Socialism with the public ownership of the means of production and the planned management of the economy provides all conditions for the elaboration, concretization and practical realization of a regional policy. In our country this has as its prime source the Party Program, the decisions of the party congresses and other higher party forums as well as the theoretical concepts and practical approaches worked out by Comrade Todor Zhivkov. The regional policy of the BCP is tied to carrying out the basic social economic task of increasing the standard of living of the people and the full satisfying of their material and spiritual needs, in providing a constant growth of the effectiveness of the territorial structure of social production and the harmonious development of the territorial units. All the processes and the very subject of regional policy (the development of the territorial organization of production and the social processes) are united in the concept which has gained full recognition in our country, the territorial placement of the productive forces. Territorial planning is the basic instrument for improving the territorial placement of the productive forces. The degree of its maturity, its role and place in national economic planning at the various stages of developing the socialist society in Bulgaria have determined its share in realizing the overall goals and tasks.

On the day of the 9 September victory, communist power inherited an economy that was backward in all regards, an extremely poor population and an irrational territorial structure of production. The existing comparatively larger industrial capacity was concentrated in several then traditional industrial centers of Gabrovo, Sliven, Plovdiv, Sofia, Ruse and so forth. Although a



typically agrarian country, agriculture had developed predominantly on the fertile plains in the valleys of the large rivers such as the Danube, Maritsa, Tundzha and others. The transport network was more concerned with linking the individual geographic regions. The public amenities of the population points, with the exception of certain industrial and known administrative centers were on a very low level.

The main task set by communist power was to rebuild the national economy and increase the economic potential of the nation. A start was made on studying and utilizing the available raw material resources. On this basis industrial centers were developed and these marked a beginning to a new territorial structure of social production in socialist Bulgaria. On the economic map of the nation there appeared Dimitrograd, Rudozem and Madan. The sectorial structure of the previously formed industrial centers was enriched with new types of production. Collectivization started in agriculture. New railroad lines were built and the highway network was broadened. The building of schools, health, cultural and other projects was organized widely.

After the April Plenum of the BCP Central Committee (1956), a fundamental change in the all-round development of our nation was made by the revolutionary ideas and principles which were adopted upon the proposal of Comrade T. Zhivkov. It was also historically important in the area of the territorial organization of Bulgaria's socioeconomic development. A revolutionary step in this regard was the carrying out of the administrative and territorial dividing of the nation in 1959 with the establishing of 27 okrugs (without Sofia). This was an exceptionally important step in ensuring the relative evenness in the territorial placement of the productive forces. This established major barriers against the concentration of social production in several centers. Due to the concern of the BCP Central Committee expressed in the five-year and annual plans and the activities of the local party and state leadership, the new okrugs in a short period of time concerned their viability and began to develop as dynamic socioeconomic units.

The rapid development of power created conditions for the growth of industry in all corners of the nation. In the okrug centers they began building large capacity such as the pericillin plant in Razgrad, the lead-zinc plant in Kurdzhali, the battery plant in Pazardzhik, the chemical combines in Stara Zagora and Vratsa and so forth. Machine building became the basic sector of the economy in Lovech, Varna, Pleven, Ruse, Gabrovo and elsewhere. The creation of a new territorial organization of social production was accompanied also by the making of certain mistakes which led to difficulties in the development of the national economy. In many instances the building of industrial capacity in the okrug centers and other developed towns did not conform to the available labor resources and this caused an acute manpower shortage.

The consolidating of the collective farms and the introduction of agricultural mechanization freed many persons of working age in the countryside. In most okrugs industry was concentrated in their centers and less concern was given to the remaining towns. This led to intense intraokrug migration. As a result of the dominant sectorial approach in management and planning, the allocating of new capacity and the development of existing were done without bearing in mind the territorial factors. This provided an impetus for interokrug migration.

The mechanical increase of the population in the okrug and other cities at the expense of the remaining population points exacerbated the housing problem and the questions related to services for the workers in them. It was imperative to allocate significant investments for building the fixed capital in the non-productive sphere. The aging of the labor resources in agriculture started as well as an increase in the unutilized housing and other structures in the villages and small towns.

The BCP Central Committee promptly analyzed the undesirable trends and took the appropriate measures. The lack of effective economic levers in the managing of territorial processes required that the party decisions be implemented solely by administrative methods. Decrees were approved by the BCP Central Committee and the Bulgarian Council of Ministers for accelerating the socio-economic development of Smolyan, Blagoevgrad, Kurdzhali, Razgrad, Turgovishte, Shumen and Silistra Okrugs. Decisions were approved to move industrial production and activities from the capital and developed towns to other population points. Significant work was carried out by the central planning bodies and the okrug leadership and a portion of the approved measures was carried out without, however, achieving the expected result. The insufficient effectiveness of the methods employed was starkly revealed as well as the lack of an effective range of methods to carry out party regional policy. These were the basic problems discussed at the March Plenum of the BCP Central Committee held in 1970. This marked a beginning to a new stage in the area of territorial planning and the placement of the productive forces and the carrying out of party regional policy. Its decisions were aimed at establishing an integrated system for the management of socioeconomic processes in the territorial units including criteria, a range of methods and bodies for territorial planning. Even more decisive for improving the territorial organization of our society were the documents adopted by the March Plenum of the BCP Central Committee held in 1977. These set up the conurbation systems. Their formation and development as a new type of socioeconomic and administrative-territorial units were a major victory for the BCP. The setting up of the 300 conurbation systems was a revolutionary step in raising the socioeconomic level and strengthening the political leadership of the interrelated population points. The two March plenums of the BCP Central Committee accelerated the process of improving the territorial placement of the productive forces. For the first time a general plan was worked out for the territorial placement of the productive forces. A mechanism was set up for designating the capital construction projects and this considered the requirements of the territorial factors. There was also an effective mechanism of territorial planning. The role and importance of the plans were increased for the integrated development of the okrugs and conurbation systems. Serious studies were made on increasing the territorial concentration and specialization of production with the application of the multiplier approach. The integrated and specific program approach was widely employed in the regional studies. The political and skill level was raised for the personnel working in the area of territorial planning and the placement of the productive forces.

Due to the farsighted regional policy of the BCP and to the vast and complex work done to carry it out by raising the territorial placement of the productive forces and particularly territorial planning to a higher level of management, major accomplishments were achieved and positive trends were developed

and these brought about the realization of a definite political, economic and social effect.

In the first place, the substantial differences were overcome in the standard of living in the population and the socioeconomic development of the individual okrugs. While in 1970 there was a group of seven or eight okrugs which lagged significantly behind the medium-developed territorial units, at present there is no okrug which would fall in this category. After the March Plenum of the BCP Central Committee of 1970, decisive measures were taken for increased economic activity in the okrugs which possessed unutilized territorial resources. In Smolyan Okrug over the 7 years new production capacity was opened up and created employing an additional close to 8,000 persons, and predominantly in machine building. In Kurdzhali Okrug, much new fixed productive capital was introduced in industry. The questions of the accelerated socioeconomic development of Smolyan, Shumen, Razgrad and other okrugs were fundamentally solved. A tendency was established for an ongoing drawing together of the level of the okrugs in terms of the employment of the labor resources, in terms of per capita income and in terms of the degree of satisfying the needs of the people for goods and services.

Secondly, a greater emphasis was put on the integrated approach to the development of the conurbation systems. The necessary conditions were created for completing the entire cycle of human life within their limits. Most of the conurbation systems have a clearly defined economic appearance. Actually with the establishing of them conditions were provided for developing new forms to mobilize the local resources, one of which is the self-sufficiency of the population in the obshtinas in terms of agricultural products, consumer goods, services and so forth. The full application of the economic approach in managing the conurbation systems will increase the interest in increasing the profitability of the economy and the efficient use of the labor, land and water resources as well as the existing physical plant. The use of the comprehensive and normative methods in planning the development of the obshtinas helps to achieve the necessary proportionality between the individual sectors of material production and primarily between industry and agriculture, between the settlement-forming and settlement-servicing factors, between the needs of the population and the possibilities of fully satisfying them. In this manner the migration processes have been limited and the daily labor commutes have increased. These positive changes are characteristic for a larger portion of the conurbation systems. There are, however, obshtinas which at the present stage need help from the okrug and central state bodies for accelerating their development. The BCP Central Committee and the Bulgarian Council of Ministers have realized this and have adopted a joint decree (No 22 for 1982) to resolve the most important socioeconomic questions of the conurbation systems of the fourth and fifth functional type, the border regions and the Strandzhan-Sakar Area. The carrying out of this document is ensured by the application of an integrated system of economic levers and incentives. In a spirit of the instructions of Comrade T. Zhivkov on the use of the new approaches in carrying out the decree, full-scale programs have been worked out and these conform to the requirements of the economic approach.

Thirdly, there has been a deepening process of the territorial concentration and specialization of social production. We are eliminating the practice in an individual okrug or conurbation system of organizing production and activities

without first assessing to what degree these conform to the established and developing specialization. As a result of this the okrugs and conurbation systems are organizing territorial-production formations of varying rank and these correctly combine, basic, supplementary and ancillary types of production and ensure the rational utilization of the resources and the integrated development of the territorial units. For example, electronics is being established as the basic sector of the economy in Blagoevgrad Okrug. Instrument building is being developed along with it. The development of the sectors involved in the processing of the growing production of agricultural products characteristic for the region is being accelerated. In the aim of further optimizing the territorial structure of the economy in Plovdiv Okrug, machine building products will continue to grow at a rapid pace without limiting the development of agriculture on its fertile lands and the growth of the food industry.

The deepening of the territorial concentration and specialization of social production widens the economic ties in the okrug and conurbation system and provides an opportunity to realize an additional economic effect from halting irrational transport expenditures and the building of general lines of communications and facilities. This process ensures the application of the multiplier approach on a territorial breakdown. In the large industrial centers, production zones are being organized and these utilize a common production, technical and social infrastructure and common scientific services. The scientific-production zones in Sofia are also persuasive with their advantages and multiplier effect.

Fourthly, more effective solutions are being sought and implemented for combining industrial and agricultural production in the territorial units in the aim of making optimum use of the soil-climatic and agrobiological factors in agriculture and ensuring territorial integration of these two sectors. Efforts have been focused on definite changes in the territorial structure of industry. Industrial activities are being successfully organized in the villages. The production programs of a large number of them provide year-round employment of the labor resources with an active season in agriculture and the remaining time of the year in industry. The development of these enterprises and shops within correctly set limits helps to retain the population in the villages and to promptly carry out the agricultural tasks. The question comes down to the use of modern equipment and progressive production methods which provide greater effectiveness and promise for the organized types of production. The sole path for carrying out this major task is to build small- and medium-sized enterprises in the conurbation systems. It would be advisable to direct a significant number of them into the larger villages which have an attractive force in comparison with the nearby population points. In one portion of them it would be possible to organize the manufacturing of individual assemblies, parts or articles. The other part must meet the needs of the population for the most essential goods and services (baking, the production of nonalcoholic beverages and so forth), the processing of agricultural products produced in the individual conurbation systems or population points (the processing of milk, meat, fruits and so forth).

The achievements are only a good starting point for carrying out the major tasks which remain to be fulfilled by the central and local territorial planning bodies.



As Comrade T. Zhivkov emphasized in the series of lectures given to the students and faculty of the AONSU, the main task is "...to utilize most fully the possibilities of the territory to successfully solve the major problems of our integrated development, including a rise in sectorial effectiveness."<sup>1</sup> There is a need to strengthen control over the effective use of the territorial resources and particularly land, water, utilities, the labor force and others. This requires the incorporating of the corresponding changes in the current Regulation Governing the Economic Mechanism. It is essential to put on an economic basis the relationships between the owners of the territorial resources (the people's councils) and their consumers (economic organizations, ministries and departments) in order to fully realize the principle of the self-support of the conurbation systems and okrugs. The present organization and methods of territorial planning also require substantial changes in order that the territorial plan actually becomes an inseparable part of the national economic plan.

Another crucial task is to increase the role of territorial planning in accelerating the process of intensification in material production and the nonproductive sphere. The territorial administrative bodies and particularly those in planning must provide for the following: the rapid introduction of the top achievements of scientific and technical progress; the modernizing of products; the use of effective forms for organizing labor at the enterprises and organizations on the territory of the conurbation system and okrug and on the basis of this the obtaining of additional financial and other resources from the people's councils. This must be the heart of any territorial plan.

The elaboration of the strategic problems involved in the territorial placement of the productive forces is assuming primary significance. The creation of the material and technical base befitting a developed socialist society requires new, more advanced forms for the territorial organization of social production such as the territorial-production complexes which are marked by a higher degree of development for the productive forces. In this context we must organize and direct the first successful steps of the established regional associations on the micro and macro levels.

Consequently, the achievements in the territorial placement of the productive forces in Bulgaria over the 40 years of rapid economic, social and political ascent are only a portion of the major goal which must be realized under the conditions of a developed socialist society.

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<sup>1</sup> T. Zhivkov, "Za kharaktera na sobstvenata materialno-tekhicheska baza na zreliya sotsializum--problemi i podkhodi na neynoto izgrazhdane v Bulgariya" [On the Nature of the Material and Technical Base of Mature Socialism--Problems and Approaches for Creating It in Bulgaria], Sofia, Partizdat, 1983, p 53.

GERMAN DEMOCRATIC REPUBLIC

COMBINE-PRODUCED MEANS OF RATIONALIZATION; ADVANTAGES CITED

Leipzig URANIA in German Aug 84 pp 46-49

[Article by Prof Dr Otto Reinhold, SED Central Committee Member, Director of the Academy for Social Sciences: "Efficient Means of Rationalization--Self-Generated in the Enterprise"]

[Text] In the great national movement for the preparation of the 35th Anniversary of the German Democratic Republic, various initiatives are being realized during these weeks. In addition to the engagement for daily plan fulfillment, new thought is being given in the labor collectives at present during the plan discussion concerning what increase in output can be attained in the 1985 economic plan. With what concrete steps is labor productivity to be further increased? The answer to this is provided by the economic strategy of the SED. One of its basic orientations continues to be socialist rationalization (cf. on this URANIA, issues 3 and 6, 1984). The following explanations are concerned with this subject:

In order to attain higher efficiency of public production through new technologies and new products, the employees in the combines and enterprises of the GDR are organizing--on the basis of the economic strategy of the SED--rationalization in new dimensions. In addition to the mental work necessary for this, this requires appropriate financial means (investments) and modern technical equipment (means of rationalization). It is becoming increasingly clear in practice that, for the most effective use of financial means, the local construction of means of rationalization is becoming the most important form, i. e., the manufacture of machines and technical equipment in one's own combine. The construction of means of rationalization in the large economic units of our socialist republic--this was emphasized at the seminar of the SED Central Committee with the directors general of the combines and the party organizers of the Central Committee in March of this year in Leipzig--decides the pace and the breadth of rationalization throughout the national economy; it becomes the key question for the rationalization in new dimensions.

More than 1,240,000 machines and machine tools are at present installed in the industrial enterprises of the GDR (which corresponds to a value of 122 billion marks). This enormous potential of our production must be purposefully



modernized. Above all, the modernization of self-contained production segments must take place through the local construction of means of rationalization. In so doing, it becomes possible to elevate in steps the entire production technology to a new and higher level, making extensive use of the available substance and to let new technology become effective within the shortest time for the economy in combines and enterprises. In this way, the transition to automation is carried out systematically, with the maximum use of the available production potential.

#### Experience With the Construction of Means of Rationalization

As was estimated at the 8th Meeting of the SED Central Committee, we are in the midst of the process in which rationalization is more closely connected with the introduction of new technologies. The construction of the means of rationalization helps contribute to the fact that significant national economic tasks can be solved in the combines and enterprises, such as the increase of labor productivity, the gain of manpower for other urgent tasks, the improvement of the working and living conditions, the manufacture of new products, as well as the organization of production on the basis of new raw materials and materials. What trends can be discerned from the attainments thus far?

- In 1983 sector-specific means of rationalization for 6 billion marks were produced in local production in the national economy of the GDR, this is 21 percent more than in 1982. During the first 4 months of this year, local production of means of rationalization increased by 30 percent.
- The share of the construction of means of rationalization in the combines of industry in the total equipment investments of industry already in 1982 amounted to 20 percent and increased to 23 percent in 1983. The advance of rationalization in machine tool and processing machine construction is of decisive significance in the rationalization of the national economy. By comparison with the 1970's, substantial changes are taking place here in the main directions of rationalization, which are continuing.
- The local production of means of rationalization in the construction of machine tools and processing machines will increase from 118 million marks (1980) to approximately 248 million marks (1984).
- The share of local means of rationalization in the volume of equipment investments will increase approximately 60 percent in 1984.
- The basic assets value of locally produced means of rationalization has constantly increased. While the proportion of means of rationalization with a basic assets value of under 1,000 marks came to 20-25 percent in 1980, this proportion will decrease during the next 5 years to approximately 5 percent. This means that the construction of means of rationalization increasingly concentrates on the decisive links in the chain of technological change.
- The local production of means of rationalization is proving to be a decisive material-technical base for the modernization of basic assets.

- The national economic objectives consist in the following: Increase of the output capacity of the individual machine by an average of 30 percent, improvement of the quality grade by at least 1 to 2 quality steps, increase of the availability and the degree of automation, extension of the operation time compared to the standard useful life by 4 to 6 years.
- The expenditure of modernization may amount to 30 to 70 percent of a comparable new machine tool.
- The machine tool producers, above all, are to develop utilizable solutions (while modernization is to be carried out by the users themselves).
- Considerable efforts are being made to make available special types of construction groups for modernization solutions, to create central capacities, and to expand the maintenance capacities in an accelerated manner.

The construction of machine tools was used as an example here because it plays a preeminent role in the intensification of the entire national economy. At the same time it must be stressed that the local construction of means rationalization is necessary in the entire national economy.

#### Financial Stimulation

With the decisions concerning the further qualification of management, planning and economic accounting, as well as concerning the application of economic accounting in the sphere of research and development, fundamental prerequisites have also been created for the construction of means of rationalization that every combine can fully observe its national economic responsibility.

Through changes in the formation and application of the incentive funds of the economic accounting considerably better conditions are created for stimulating rationalization and modernization. Thus the earning of profit becomes effective far earlier for the stimulation of rationalization. Profit management is worthwhile for rationalization. The possibilities for the use of the funds for the financing of rationalization are being expanded, and other funds are being included.

The local construction of means of rationalization is supported and promoted through credit extension by the state bank. Especially through a generous credit extension of additional achievements of local construction of means of rationalization, rationalization initiatives in the combines and enterprises are purposefully supported for the opening up of additional reserves. Thus, for example, in 1984 the local construction of means of rationalization in the VEB Combine EAW [Railroad Repair Yard] Friedrich Ebert in Berlin-Treptow could be increased with the aid of credit financing by 17 percent above the plan.

#### Why Construction of Means of Rationalization in Every Combine?

Sometimes the question is raised whether it is really efficient from the standpoint of the national economy if every combine establishes its own construction of means of rationalization?

No one will deny that frequently solutions are necessary which go beyond the combine. They must be found through cooperation between several combines or between combines and advanced schools or other scientific institutions. The creation of favorable conditions, however, cannot and must not restrict a number of basic principles of socialist rationalization. Among these are, above all:

First of all. An economically efficient rationalization concept can be developed only by the respective combine, enterprise, and cooperative society. No other central institution can take over this task. It can always only be one rationalization conception for a quite concrete economic unit or a certain sphere. That means that only the participants precisely know and can fully utilize all the specific conditions and tasks, but above all the concrete experience. Only if this rationalization conception is one's own program can it be guaranteed that all available powers are being used and driving forces are being freed, that all are actively taking part in its execution.

Secondly. The construction of means of rationalization serves the execution of rationalization in a concrete combine or enterprise. The means of rationalization, therefore, must correspond to these specific needs. This task, too, cannot be taken over by other institutions if the highest possible efficiency is to be achieved.

Of course, it is correct that certain means of rationalization can and must be produced centrally in mass production. This, for example, applies to control apparatus for machine tools or industrial robots, and basic elements of rationalization (hydraulics, drive units, etc.). Certain is also the fact that the proportion of these means will continue to grow. Such a material basis is essential for the broad application of microelectronics, robot technology, and information processing. The generalization of the best conceptions and experience is absolutely necessary. However, it would be completely wrong if an opposition would be invented here between central measures and local responsibility, if the question could be answered with an "either--or".

Thirdly. The efficient, local construction of means of rationalization is a decisive guarantee that new scientific-technical findings can be introduced quickly and utilized in an economically effective manner. Precisely this is one of the advantages of the formation of combines: Research and development, construction of the means of rationalization and production are in one hand.

The experience of the best combines with the construction of means of rationalization shows--according to the analysis of the 8th Meeting of the SED Central Committee--that the tempo and level of a combine's own production of means of rationalization are determined by:

- Creation of a scientific-technical preliminary development for local production,
- concentration on the production of highly-productive combine-specific equipment with the goal of thoroughly rationalizing complex technological processes and in so doing making use of the available machinery, as well as robot technology and microelectronics and other latest technical achievements.

## Basic Conditions for Socialist Rationalization

All together it can be estimated:

In order to successfully execute socialist rationalization in new dimensions, it is necessary to create a number of basic conditions.

- Clarity is necessary concerning the fact that socialist rationalization is not some kind of substitute path for comprehensive investments or possibly the "investment of the man in the street", which can be taken care of in passing along with other things, but it is the main path for the accomplishment of scientific-technical progress in our time.
- Socialist rationalization is a firm component of the social reproduction process. Under the conditions of the scientific-technical revolution and the process of intensively expanded reproduction, it becomes a supporting component to secure continuous growth. From this it follows that it can be successful only if it is directed according to plan and organized on a long-term basis. It is, therefore, not a "supplementary measure".
- The point is to adjust scientific-technical progress, research and development to rationalization. This requires, inter alia, also the employment of the most qualified and most capable engineers, technicians and skilled workers for rationalization in general and for the construction of means of rationalization in particular.
- The point is to guarantee the socialist character of rationalization in every segment (cf. on this the argumentation on pp 48 ff.).
- The activity in regard to competition and innovation must be concentrated more strongly on socialist rationalization. Socialist rationalization is successful when it can rest on the creative activity and the experience of all participating workers. Winning over the young people for the execution of important rationalization programs is especially important. The process of rationalization, therefore, has a great impact on the development of joint work of the working class and the members of the intelligentsia, on the consolidation of socialist relations and socialist collectives.
- The success of rationalization requires important prerequisites within the framework of the territory. This applies both to the cooperation of enterprises and combines in the solution of supra-enterprise tasks (including the construction of means of rationalization) and the unity of release and efficient re-employment of manpower, transportation tasks, the solution of social problems, etc.
- 35 years of the German Democratic Republic prove: The goal of production in our socialist society is aimed at the well-being of the human being, and the means for the attainment of this goal must likewise have this goal. This expresses itself in the main task, and that also applies for socialist rationalization, which we understand as a social process and which is to be shaped with people and for people.

## Wherein does the Socialist Character of Rationalization Consist?

Whenever rationalization is being discussed in the GDR, it is socialist rationalization that is involved. The struggling for scientific-technical progress, for the economic effect, is inseparably linked with the social and humanistic character, with the improvement of working and living conditions. It is precisely in this that the deep contrast with capitalism finds its expression.

## Wherein does the socialist character of rationalization consist?

- It consists in the fact that the results of rationalization in different ways benefit the entire society. Thus the profits of socialist enterprises are an essential part of those means which flow through the state budget and are used there to finance the social policies. Another part of the rationalization profits are used in enterprises--as bonus payments for the improvement of the working and living conditions in the enterprise or territory. Rationalization in socialism is a fundamental condition in order to produce those means and conditions which are irrevocable for the continuous continuation of the unity of economic and social policy.
- It consists in the fact that all working men and women take part in the development and execution of the rationalization measures. A corresponding program, which was not subject to consultations ahead of time with all working men and women, to which they and the trade unions did not give their consent, is unthinkable under socialist conditions, it is a program of all participating men and women and not of the management. In this consists a deep contrast to capitalism. There, as a rule, such programs are never brought up for discussion, and the consent of the trade unions also is not obtained.
- It consists in the fact that, together with the scientific-technical and economic tasks, measures are simultaneously introduced which lead to an improvement of the working and living conditions. In so doing, a broad field is involved: Qualification measures of the most diverse type, scientific transformation of jobs, limitation of heavy physical, monotonous and health-endangering work, improvement of labor organization, measures for medical care, provisioning during breaks, and the organization of leisure time.
- It consists in the fact that rationalization is inseparably connected with the securing of full employment and the job for the individual working man or woman.

The economy of jobs is a decisive goal of the economic strategy of the SED in general and the rationalization measures in particular, but in the economy of the GDR it is never a matter of simply releasing manpower regardless of what then happens to them. The securing of full employment is and remains one of the most important goals of the economic and social policy of the SED and the socialist state. Release of manpower always takes place with the objective of using it more efficiently elsewhere, i. e., to make more effective use of the manpower potential of the country.

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COST REDUCTION IN BEZIRK-MANAGED COMBINES THROUGH PLANNING

East Berlin SOZIALISTISCHE FINANZWIRTSCHAFT in German No 5, 1984 (signed to press Aug 84 ) pp 23-24

[Article by Marga Kaul, accountant in the VEB Kombinat Leipzig Metal Construction, and Gisela Gebhardt, accountant in the VEB Electromachine and Assembly Construction Leipzig: "Multi-faceted Initiatives for Increased Efficiency through Reduced Costs.]"

[Text] As everywhere else in the economy, in the bezirk-managed industry also the working people are intent on turning the 35th year of the GDR into the most successful year in its history. This anniversary is a special occasion for a status report in the bezirk-managed combines, existing now for almost 3 years, on how well we have achieved improving management, planning and economic cost accounting so that considerable economic growth rates are ensured and that level and cost disparities among the combine enterprises are systematically done away with.

The first point to be made is that in recent years multi-faceted management activities were initiated to ensure more and more skilled economic labor. That entails, among other things, cost reduction and profit-ensuring programs to meet conceptually the demanded performance and efficiency growth, particularly through the science and technology plan. That is also shown by the target-directed efforts in further improving economic cost accounting, mainly cost computation and analysis, in response to the 20 June 1975 order on cost accounting and statistics, which is now also binding on the enterprises of the bezirk-managed industry.

Even so, there still are level disparities among the combine enterprises and that means: there still are reserves. They have to be tapped rapidly and principally through extending still further the personal responsibility of the technical directors and their complex cooperation. Level disparities in the planning process have to be overcome. Assigning objectively justified high enterprise and collective-related performance goals to be attained according to plan--through the unity of material and financial planning--is increasingly becoming the crucial factor for making enterprise and social interests still better conform with each other so as to ensure throughout in the combine enterprises both an efficiency growth that takes care of the economic requirements and the attaining of the goals in plan implementation without exception.



Significant reserves, among other things, lie in an inventory management according to plan. We are now working on setting up and carrying through long-term regulations for an improved enterprise and material-related control through a stronger materials economy management. That applies to matters such as the centralization, the supra-enterprise reallocation of selected branch-typical materials and, concomitantly, the setting up of an offer and recall system with a high flexibility in these inventories and thoroughgoing analyses of excess stocks. Since 1983 we have been stimulating managerial responsibilities for keeping inventories in line with plans in a target-directed fashion through the end-of-year bonus.

#### Learning from the Best through Experience Exchange

We also use the experience exchange among combine enterprises to draw general rules from proven ways and means in consistently working with the economic categories of costs and benefits. This amounts to having the enterprise accountants report on their initiatives and those of their associates on getting more out of what we have got and greatly improving the cost/benefit ratio.

This includes, for instance, also the accountant of the VEB Electromachine and Assembly Construction Leipzig. That VEB has developed from 11 small enterprises into an efficient medium-size enterprise. The accountant has used every economic organizational measure to maintain the level of economic cost accounting and improve it while the enterprise grew. It called for constantly updating the enterprise organization of the accounting system. Due to differences in the production tasks and technologies, the disparate methods for production and cost computation had to be streamlined in an overall enterprise planning and accounting process so that it would yield comparable data. This process called for a sense of purpose and commitment.

#### Coping with Bigger Tasks

In 1983 we combined 12 production areas into three enterprise departments that had identical or similar production tasks. Their chiefs are accountable to the enterprise director for the planning and material backstopping of the production tasks and for the complex plan implementation. The technical directors are responsible for overall enterprise tasks in science and technology, the materials economy and the production coordination. Economics and accounting are centralized. This kind of organization facilitates a deeper economic penetration of the reproduction process in the enterprise.

All production areas and central departments are under planned cost and output control. That takes care of the special production and accounting conditions and allows differentiated analyses. Cost controls have proven an important cost and analysis management tool for the accountant and for economic decisions to be made by the director.

As each production area takes care of its products until they are completed, the cost liabilities could be drawn from the cost position accounts. Each cost position comes with a cost liability group account. For some cost positions, cost liabilities for particular products have already been recorded since 1980. The accountant's working plan calls for keeping individual cost liability accounts for all mass produced end products, starting in 1985. That can then show the cost

trend of products, especially the planned cost reduction measures, right through planning and accounting. Another step is cost liability piece accounting. Through regularly recomputing products and performances, important inferences can be drawn on the cost trend, higher enterprise efficiency, and the product-related development of norms and standards.

The accountant's influence on the cost trend starts in the planning phase. Coordinating efficiency boosts in output according to assortments, and in conformity with available material balance shares and higher profit, places high criteria on planning and calls for one's own economic computations. For 1984, important types of costs have for the first time been planned comprehensively on the basis of norms, standards and contingents. For future planning the accountant asks those who are responsible for costs to submit to him their reports on the planning of selected costs such as those for repair, protective labor clothing, tools and spare parts.

#### Various Initiatives toward Cost Reduction

The annual cost reduction program is an important instrument for ensuring the planned prime cost reduction. Already when the plan is under preparation, it is being designed on the basis of the parameters assigned in the state task. The science and technology plan is the core of it. It contains measures by which the efficiency and effectiveness growth is supposed to be attained completely. It is subject to the plan debate. It challenges and promotes the working people's activities in a target-directed fashion. Enriched by the state planning quota, the cost reduction program becomes finely tuned and is correlated with the mandatory planning values. If during plan implementation deviations occur, extra measures have to be included in the cost reduction program.

Monthly profit-and-loss conferences regularly analyse the results of the work with the cost reduction program, including the measures carried out. The idea is operationally to ensure the planned profit. If an underfulfilment of the financial parameters or other irregularities show up, the director and accountant call for cost reports from the responsible chiefs. The accountant and the economic chief prepare the profit-and-loss conferences and the cost reports together. The results of plan fulfilment and the analysis suggest management decision proposals during the conferences.

Ascertainment sheets for unplannable costs are maintained as forms of cost reporting. Unplannable costs are at once entered in a record sheet. The accountant hands it over to the responsible chief to ascertain the causes and the causative agent. The accountant checks and judges the position taken. Then the director decides the necessary steps.

To improve the work with inventories, an inventory collective has been set up that is made up of the chiefs of production, the materials economy and economics, the enterprise directors and the accountant. Every month, after inventory has been taken, the collective confers on causes and reductions of surplus stocks, and operational measures can then immediately be initiated.

The socialist competition targets are placed as controllable magnitudes in the budget records of the work collectives which are accounted for monthly by being held against the stock on hand columns in the enterprise inventory sheets. That makes sure the chief and the collectives are informed swiftly.

Right now, the chiefs on the medium managerial level are assigned as the ones accountable for costs. They are accountable for costs being resorted to in a complex manner in the producing sectors. To improve the work with those who are accountable for costs, their circle is being enlarged; and an accountability for selected types of costs is being ensured throughout. For such types of costs as those for working tools, protective work clothing, and repairs, those workers are being drawn into the circle who through the work they do affect those costs directly. It increases their sense of responsibility and makes them think more in terms of costs and benefits. The production area chiefs bear the responsibility for basic technological costs.

Drawing the working people into cost liability has been of benefit. It had a lot to do with the fact that plans were fulfilled throughout in recent years.

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FDGB NATIONAL EXECUTIVE COMMITTEE HOLDS EIGHTH SESSION

East Berlin TRIBUNE in German 21 Sep 84 p 5

[From the report of the Presidium of the FDGB-National Executive Committee--  
Reported by: Fritz Roesel, Presidium Member and National Executive Committee  
Secretary.]

[Text] A few days before the 35th anniversary of the founding of the GDR we note that millions of working people in our country are going to attain their declared goal to achieve the greatest accomplishments in the history of our socialist workers and farmers state thus far, so says the FDGB-National Executive Committee Presidium report to the Eighth FDGB-National Executive Committee session.

The basis for the working people's actions were the resolutions from the seventh and eighth SED Central Committee sessions. It attested to the attitude of the more than 9 million union members that they regarded it as a matter of honor to support the peace policy of the party and the state by optimum achievements. It is pointed out that optimism, fighting spirit and great dedication mark the successful work in all sectors of public life. There has never yet been such a great creative initiative by the workers class, the intelligentsia, the cooperative farmers and all working people, especially by our youth. The appeal from the Joerg Harder youth brigade for top achievements on behalf of world peace was an expression of it. Responding to the joint FDGB-FDJ appeal, circa 143,000 collectives with more than 2 1/2 million working people, 27,945 youth brigades among them, had committed themselves to top performance shifts. Such a great conformity between party and people was testimony to our socialist state policy, strengthened our republic, and raised the social security as well as the prerequisites for augmenting the people's prosperity. In implementing such worthwhile goals the entire trade union responsibility was invested.

Socialist Competition Became More Performance-Oriented

Commenting on the successful balance-sheet of socialist competition in the 35th year of the GDR, the report points out that the produced national income had grown by 5.1 percent by the end of August. The net output in the industrial ministries sector had risen by 8.3 percent. Labor productivity had grown by 7.5 percent and the plan lead, to M 2.7 billion.

As one of the preconditions for it, it is being pointed out, socialist competition had assumed a higher quality and had become more performance-oriented in the enterprises and combines. Better than ever was the connection between management and planning and the working people's creative initiative brought to realization. Essential causes for that were adequate information, clear requirements through plan breakdown, regular status reports about the state of plan fulfilment, the public analysis of best experiences and their being carried over, and a worthy acknowledgement of the working people's accomplishments. Another positive result was that many trade union executive committees succeeded more and more in directing the working people's initiatives at further accelerating and improving the use-effect of science and technology. The guideline from the SED Central Committee general secretary, to increase efficiency through new products and new technologies, formed the core of the working people's creative contest.

#### High-grade Consumer Goods for the Population and for Export

Literally, the report states: "Significant there is the decisive contraction of development and application time frames for products, procedures and technologies, the reduction of production consumption and costs, the higher degree of production upgrading, export assortments that meet market needs, and the development of a high-grade output in consumer goods that satisfies the needs of the population and of export.

"All experience in this area, especially in the production preparation sectors of combines and enterprises and in science institutions, confirms that a high economic use-effect can be achieved only if one applies as criteria that the increase rates in labor productivity are brought in line with increased allocations for science and technology, production growth is ensured on the basis of trimming material and energy consumption in absolute terms, costs are reduced and export income from new products can be increased faster than the allocations for science and technology."

#### More than Three Billion Marks of Benefit from Innovator Achievements

The innovators in socialist competition are making an important contribution to speeding up the scientific-technical progress. An expression of the dedication of the nearly 1.2 million innovators in the first half of this year mainly was the increased overall benefit from innovator achievements to more than M 3 billion. Best results had been achieved in enterprises and facilities where massively effective political-ideological work was done with the innovators on the basis of long-range conceptions.

The report points out that through using scientific-technical data on production rationalization, mainly by automating and modernizing production installations and finishing sectors, 290 million working hours were saved in the first half year. In quite a number of enterprises, whole production sectors and areas were modernized and sensibly coupled with new technology, especially robot and computer techniques. As a result, 35,000 industrial robots were in operation by the end of June. Thereby it had become possible to surpass the planned quotas set down for fabricating rationalization means. The broad application of microelectronics and robot technology had raised the scientific-technical level. Means of rationalization fabrication had more been oriented to fabricating highly productive and



combine-specific equipment for rationalizing complex technological processes throughout. The plan should have to be fulfilled accurately in this field and higher efficiency should be attained.

#### Working Conditions Were Further Improved

It is a mark of socialist competition in the GDR's 35th year, the report goes on to say, that the effort to exceed the planned production is tied up ever more closely with improving the working and living conditions. Multi-faceted had been the efforts to provide for smooth production and labor processes with the help of scientific labor organization, to cut out whole steps in the process in connection with new technologies and procedures, and gain manpower for other economically important tasks. Highly productive production equipment is more and more being used in systematic labor shifts. Altogether, the time use made of important production equipment had risen from 15.5 last year to 16.1 hours per calendar day.

The effort to improve the quality of labor decisively and reduce costs and the cost/benefit ratio had become greater than ever. The point is made that increasing performance while trimming the specific consumption of raw materials and energy resources in absolute figures is not only an economic objective, but also a political task of great weight.

More and more effective had been the balancing of accounts of competition results in the budgets and the efforts all working people were making for faultless labor based on strict rules for developing and ensuring high-grade labor.

The report further suggests that the course of the plan debate exhibited the working people's understanding the connection between politics and economic performance dedication. The debate had brought out that the working people regarded as the decisive steps for increasing labor productivity above the plan and improving the cost/benefit ratio and the working and living conditions the speed-up in implementing the scientific-technical tasks and their higher economic effectiveness. The 619,000 membership meetings were attended by 85.8 percent of the membership. Some 2.2 million colleagues took the floor in the debate. They submitted 643,433 proposals, half of which crystallized in the plan documents. In the trade union position taken on the 1985 draft plan, the readiness of the working people, to cope with the high growth rates for 1985 through the energy of the work collectives, was unanimously confirmed.

#### Carefully Dealing with Suggestions and Recommendations

The report goes on to say: "Trade union executives underscored the need carefully to study the many proposals, recommendations and criticisms from the membership, still to apply them to the 1984 plan, if possible, or to ensure their being worked into the planning documents and enterprise collective contracts for 1985. It also became clear that there are still combines and enterprises where great efforts are called for to ensure the needed performance growth. That relates to observing the preassigned performance and efficiency parameters and all the rationalization measures to increase production and ensure the working and living conditions.

"It continues to be important in socialist competition to ensure and extend the high performance level through the work day on behalf of the 35th GDR anniversary up to the last day in the year."

#### Labor Safety Functionaries Acquired Distinctions

It was a basic concern of the trade union representation of interests and an indispensable prerequisite for strengthening our economic capacity, the report states, to improve further the working and living conditions and protect the life and health of the workers and of all working people. The FDGB labor safety functionaries had done themselves proud. One had succeeded in many enterprises to mitigate labor risks and health hazards or do away with them completely.

Trade union management activity relating to socialist law also had further developed with success. Most trade union executive committees and boards had fully taken care of their most significant task of further enhancing the impact of the labor code on carrying on the main task with its united economic and social policies, the consolidation of socialist democracy, the preservation of strict law security, and steadily creating good conditions for high socialist competition achievements.

#### Broad Consent for Sociopolitical Measures

The report points out that the joint resolutions from the SED Central Committee, the FDGB National Executive Committee, and the GDR Council of Ministers, as of 17 and 22 May this year, met with broad approval from the working people and strengthened them in the conviction that good work in socialism paid off for all. Meanwhile, the implementing regulations for the joint resolutions were issued by the GDR Council of Ministers as endorsed by the FDGB National Executive Committee. In accordance with the stipulations of the secretariat of the National Executive Committee, the decree on special subsidies for families with three or more children and the one on improving benefits for such families have been explained in trade union executive boards and managements, and especially also in the enterprises, and many families already receive those benefits. The secretariat of the FDGB National Executive Committee also has charged the social insurance administration with taking all necessary measures so that pensions will go up on 1 December 1984 or 1 December 1985.

#### More than Five Millions Trips for Working People and Families

An expression of the successful implementation of the resolutions on vacation services was that more than 5 million trips for working people and their families were facilitated this year to vacation homes of the FDGB and of the enterprises. The FDGB had improved its role as the chief sponsor of recreation for the GDR workers class. The National Executive Committee secretariat decided "measures for developing FDGB relations with Polish trade unions." The task of carrying out this year 43,500 trips under the auspices of the international vacation exchange by the enterprises and the FDGB vacation service was almost fully met. In toto, the FDGB and the enterprises put up circa 120,000 guests from fraternal socialist countries in their vacation homes.

The report sees it this way: "International vacation exchange with the socialist countries proceeds according to plan. Trips thus far have fulfilled the working people's expectations of eventful vacation days and of further consolidating friendly relations. In letters of thanks to the working class party and the FDGB, the working people have stressed the hospitality, the level of accommodations and the cordial reception. We therefore plan to expand the international vacation exchange with the fraternal socialist countries."

Circa 800,000 pioneers and FDJ members went for recreation to the 5,000 enterprise vacation camps the trade unions have access to during the vacations. The international character of these facilities had further developed. There were many cordial meetings between the socialist countries, including the Soviet Union, the CSSR, Hungary and others. Vacation exchange for children and adolescents between Poland and the GDR was continued. This also had increased the direct exchange between enterprise and enterprise.

#### The 20th Workers Festival Was a Magnificent Performance Exhibit

The 20th workers festival was the high point and an impressive performance show of trade union cultural and educational work. It had set new measures for art and popular art creation in our republic and furnished impulses and incentives for realistic, party-minded and people-related works of art.

This is how the report continues: "It also made clear that such basic aesthetic needs of the working people as seeing and experiencing beautiful things, receiving courage for and joy in life from art, becoming informed by true art, and to be intellectually amused and entertained will never be a matter of the past but must constantly be fashioned anew on a high level.

"The 20th Workers Festival was altogether symbolic for the unity of the people and the arts in our socialist society and a great cooperative effort by our whole organization. Many combine and enterprise union executives and all kreis, bezirk and central executive committees made a concrete contribution to turning the festival into a success.

"The workers festivals have their roots in the enterprise, in the cultural everyday, in the ongoing development of the creative capacities and talents of the workers and all working people. That includes a steady deepening of partnership relations between work collectives, writers and artists, and between the artists and the popular art collectives."

#### No More Pressing Task than the Preservation of Peace

Commenting on the international activities of the FDGB, the report asserts that the FDGB is undeterred in letting itself be guided by that there is no more pressing task at present than the preservation of peace and the avoidance of nuclear catastrophe. Therefore should the capacity of socialism be strengthened in every way, be placed fully in the scale of peace. The report refers to the 25th workers conference in the Baltic countries, Norway and Iceland as one of the most significant international trade union events. It had turned into an important event of the European trade union movement and demonstrated, in the now very tense international situation, the chance for comprehensive dialogue among unionists of different political persuasions and the chance for joint action on behalf of the safeguarding of peace.

## USSR Trip Confirms Unbreakable Friendship

The visit that ended only a few days ago by an FDGB National Executive Committee delegation, headed by its chairman, colleague Harry Tisch, to the Soviet Union had been an impressive demonstration of the unbreakable friendship and of socialist internationalism between our countries and fraternal organizations. It was pointed out that both organizations see their contribution to the implementation of the course of socialist economic integration, as an important factor in each country's economic development and for the all-round strengthening of the community of socialist states, in the purposive fulfilment of their agreements on the further development of cooperation between the FDGB National Executive Committee and the Central Soviet Trade Union Council.

Further upgrading management activity and spreading intra-union democracy also had been the priorities in the reporting period. The efforts in mass solidarity by the executive committees in the combines, enterprises and institutions had further enhanced the fighting strength of the enterprise trade union organizations and the level of trade union membership activities. Experience thus far had confirmed that what counted was to develop the climate of political open-mindedness and dedication through membership meetings and the everyday work of the trade union groups. That also called for thoroughly and conscientiously preparing the new round of the schools of socialist work so that class-bound attitudes and standpoints were solidified and new activities and initiatives could be achieved through socialist competition. It continued to be of importance to draw effective general rules from the good experiences in the schools of socialist work. This had also been the concern of the consultation center during the Gera workers festival.

A priority continued to be good briefings for discussion leaders in the 187,000 schools, the number of which is expected to increase in the weeks ahead. The more effectively the executive committees and managements provided them with facts and persuasive arguments, the greater would be the political-ideological gain from the rounds of discussions for every participant.

The report underlines that the core of further trade union activity lies in close ties with the membership and in carefully studying membership suggestions, recommendations and criticism. That was of special importance for the approaching trade union election period. Executive committees and boards had to attach greater value to collecting conscientiously all the proposals, suggestions and criticism submitted in election meetings and delegates conferences and account for their implementation. That would help develop the capacities needed for successfully dealing with the tasks ahead.

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EFFECT OF AGRARIAN PRICE REFORM ON COST ACCOUNTING CITED

East Berlin SOZIALISTISCHE FINANZWIRTSCHAFT in German No 5, 1984 (signed to press Aug 84), pp 38-39

[Article by Dr Gottfried Richter, sector chief in the Ministry of Finance: "Agricultural Production High in Economic Effectiveness"]

[Text] Socialist agriculture has the job to produce the high-grade crop and livestock products, at lowest costs, that are needed for public supplies and industrial raw materials. In implementation of the tried and tested economic strategy of the SED, what matters here is to use the funds in the socialist cooperatives and VEG's in such a way that they accomplish a high output and net product. How to get there has been shown by the party and government executive resolutions on continued social development. These resolutions all belong together. They are aimed at the cost-saving intensification of agricultural production. They are to be implemented with high economic efficiency. The criteria for their implementation are an increased production and a reduction of costs in every agricultural enterprise and a higher contribution by agriculture to the national income.

Results of 1984 have shown that the cooperative farmers and workers in the cooperatives and VEG's are willing to face their requirements. The best results were achieved where the process of applying the resolutions was conducted politically and managed rigidly and economically. That relates to a conscious utilization of the cost/benefit ratios initiated with the agrarian price reform, the enforcing of the economic cost accounting principles, the proper and highly effective handling of cooperation relations, and the implementation of irrigation measures providing a high performance growth and keeping costs down. Deeply penetrating the essence and correctly understanding the basic concerns of the resolutions therefore is a decisive prerequisite and condition for spotting and tapping production and efficiency reserves.

Establishing and Generalizing Optimum Values through Performance Comparisons

In the SED Central Committee and Council of Ministers conference with the kreis council chairmen in preparation of the communal elections, Comrade Willi Stoph, chairman of the Council of Ministers, pointed to the reserves in agriculture. According to what he said, the greatest reserve continues to be surmounting the inequities in crop and livestock production. Each cooperative must realize that it is an economic problem, not an "internal enterprise" problem, when some cooperatives or VEG's greatly deviate from optimum values of comparable enterprises in their output, qualities, costs and production consumption. Reducing



production consumption, e.g. by raising the material, feed and energy economy on the basis of optimum experiences, affects the whole economy and hence has to be enforced rigorously. Performance comparisons and experience exchange have to establish the causes for inequities in levels and plan measures for performance and efficiency improvements. So one must know the optimum values and be willing to learn from those who are doing better work. The eighth SED Central Committee session clearly focused on using best values as the basis for one's own efforts.

The finance and banking organs bear a high responsibility for supporting the competent cadre of the socialist agricultural enterprises in drawing general implications from best experiences.

Chances for increasing farm production lie in a more rational use of every square meter of soil.

#### Effective Use of Every Reserve

Surveys by the finance organs established that the soil is more economically used as the chief means of production, in implementation of the soil utilization decree and the decree on dues for soil utilization, as of 26 February 1981. There still are enterprises, however, which unjustifiably keep acreage out of use or do not fully use it. That leaves unused reserves that exist for increasing the output of LPG's and VEG's and by individual breeders. Local organs and each agricultural enterprise must show great intolerance in this respect.

One way to make more rational use of the soil lies in additional irrigation and in eliminating wet spots. It just is a matter of making full use of the water as an intensification factor. On a priority basis, those measures have to be taken that ensure the highest increase in yields at the lowest costs. Generous financing regulations make sure that materially backstopped measures can be implemented with a high use-effect.

Another reserve for using better what we have got lies in recycling kitchen offal and suitable waste-products and by-products coming off especially in the food products and foodstuffs industry. It is an important task for the local councils to make sure that the means made available for it are used with high efficiency. False thrift at the expense of using these fodder reserves is uncalled for.

Fine results were achieved in 1983 in improving breeding and reducing animal losses. Such results must, on the basis of optimum experiences, be further extended. That creates important prerequisites for a high output in livestock products while keeping cattle stocks stable.

#### Higher Responsibility for Cooperation Councils

Through deeper cooperation crucial prerequisites are now in place for tapping reserves, through the effect thus combined, for increased production and reduced expense at a higher plain and eliminating losses of all kinds. The cooperation councils, within the scope of the rights and duties assigned to them by the cooperatives and VEG's, are responsible for increasing livestock production through producing their own livestock feed and increasing their feed economy. In order to make such cooperation more effective, the principles of socialist

industrial management have to be enforced resolutely in such cooperation, in each cooperative and in the VEG's, in each department and each brigade. Cooperative farmers and workers as members of a work collective, the smallest production unit, have to know and feel whether they are making a great contribution to the national income or whether their work is not yet responsive to economic requirements. The cooperation councils thus bear a high responsibility for enforcing the SED's economic strategy. Supporting it in a target-directed manner is a priority task of the local councils. Plan implementation demonstrates that in the cooperatives, VEG's and cooperative facilities not all the reserves for production and efficiency are an element of the 1984 operations plans.

Some of the causes for that are that

1. when operational plans were prepared in many agricultural enterprises, the results of the 1983 plan implementation were not yet available;
2. lack of experience in working with the agrarian reform prices led to uncertainty in recomputing production and costs to the new cost/benefit ratios. The operational plans on price basis 2 often show costs that are too high when gross production is too low; and
3. management cadres, especially in the economically solid cooperatives, had reservations about regarding the fine results of 1983 in production increases, cost reductions, improved feed economy and reduction of losses as a basis for improving the performance and efficiency in 1984. So the 1984 plan targeted for a lower efficiency than had been achieved in 1983.

As operations plans containing reserves in magnitudes are not sufficient incentives for high performance improvement, many cooperatives make their plans still more specific and assign themselves additional performance and efficiency goals. They thereby get real criteria for controlling their own plan implementation. Computing through the reproduction process in terms of values all the way to the end also makes possible a realistic planning for the amounts that have to go to the state budget. According to Article 2 in the order on the economic dues from the socialist agricultural cooperatives, the heads of the finance departments may modify the size of such due payments. For that it is useful to get an agreement worked out between the cooperative concerned, the agriculture department and the finance department of the competent kreis council. Specified objectives like that are a basis for controlling the effort toward improved production and efficiency. Results of the deliberate enforcing of the basic concern of the agrarian price reform--improvements in the cost/benefit ratio--can be determined and accounted for more accurately.

5885

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## HARD TIMES FOR INEFFICIENT ENTERPRISES DEEMED ACCEPTABLE

Budapest NEPSZABADSAG in Hungarian 22 Sep 84 p 3

[Article by Ivan Foldes: "What We Must Undertake"; passages enclosed in slantlines were printed in italics]

[Text] In the recent past, few of our articles have elicited a more widespread reaction both at home and abroad than the two which reported the dissolution of the /Business Machine Manufacturing Enterprise/ (IGV) and the one in which the managing director of /Tungsram/ reported on the first results of its economic recovery. At home there were those who were upset at how it was possible to allow a state industrial enterprise to perish; others, on the contrary, raised the question of why these measures were not taken before. There were also divergent views on the Tungsram issue. While opinions were generally positive on the recovery of the enterprise, considerable debate was provoked by the methods used, among them primarily the layoffs. With regard to both cases, there were some who viewed the solution as contrary to socialism, while others heralded it as the first sign of the expanded instruments of socialist macroeconomic management.

## The Foreign Reaction

Abroad, primarily the bourgeois press and radio reacted to both our articles. Among them the more objective acknowledged the expediency of the measures as a manifestation of the realism of Hungarian macroeconomic management and modernization of our management system. However, the organs of mass communication which always wish us ill and want to malign us found the matter sensational, often broadcasting the news with malicious glee and saying that, behold, the situation in Hungary is no different than here, while shedding crocodile tears for the Hungarian workers who had become unemployed. The article in the Dutch *WANDELSBLAD* is an example of the former, representing sound judgment, in which it logically concludes that: /We derive no pleasure from the bankruptcy of a Hungarian enterprise, but the solution represents a change worthy of attention, especially if it signals that in the future the central leadership will not be willing to defend their earlier mistaken decisions./ Although it is not our custom, as an example of the other extreme, let me refer to /Radio Free Europe/, which blared about the merciless layoffs of the workers, but did not mention that workers who became surplusd in the affected factories could choose among work opportunities. (It is worth noting that year after year,

the economic organizations offered approximately 90,000 jobs; of these 30,000 were in Budapest.) It is obvious what domestic policy goals are pursued by the capitalistic propaganda which takes advantage of every manipulative opportunity to denigrate the socialist countries implementing full employment and to disinform their own public opinion.

But let us dispense with the foreign reaction. The subject is sufficiently important to deserve a little analysis, not even primarily about our domestic manpower management but rather about the handling of unprofitable or low-profit industrial enterprises.

#### If Profitability is Low

It is well known that there is considerable variety in the management of our industrial enterprises. Moreover, this is so not only because of sectorial particularities but also those within each sector and subsector. The IGV is not the only enterprise which "produced" a loss, since there were 65 such enterprises last year. Low profitability and even more so, a loss, is damaging to the national economy since it ties up capital and manpower and draws it away from more profitable activities impeding their development, while hardly or not at all increasing the national income, or even reducing it.

To change this situation, last year the State Planning Committee defined in its resolution the concept of /low-profitability management/ and the procedure to be followed with regard to enterprises falling into this category. According to this resolution, those state industrial or building industry enterprises may be considered of low profitability which for two consecutive years do not attain half of the average profitability of the national economic branch or rather, sector. The industry average was 9.1 in 1981 and 8.1 in 1982; 25 and 44 enterprises respectively did not even attain half of this in the years in question. Twenty-five enterprises operated below this level in both years and thus were of low profitability. Above all, the measures prescribed in the decree are aimed at the termination of low profitability and only as a last resort, if the former did not achieve their goal, did they prescribe the termination of the enterprise by merging it with another enterprise or by liquidating it without leaving a legal successor. Thus what happened to the IGV was only surprising to those who thought that the government was not serious about decrees aimed at the repression or termination of unprofitable activities.

In fact, unprofitable activities have occupied the attention of macroeconomic management for a long time. With the introduction of the 1968 macroeconomic management reform, they counted on the fact that the normative regulations would inevitably affect the enterprises differently, not a few of which it will place into a difficult situation through no fault of their own; therefore, the differentiating effect of the regulations was restrained by various means, in general bringing the enterprises into identical starting positions. However, over the years, the exceptions which were originally said to be temporary became more frequent instead of rarer, after tailoring management regulators to the individual enterprises. This sort of "post-measurement tailoring" preserved the outdated production structure and led to the levelling off of income and expansion opportunities.

According to a calculation performed by the Ministry of Finance, the profitability



of the dynamic enterprises was greater than the industry average but it did not significantly surpass it and even the least dynamic enterprise did not fall very far short of the average. With regard to the expansion of the fixed assets, it was almost irreconcilable with productivity; as a matter of fact, in the majority of cases it was contrary to it. The reasons for this were in part, the credit and subsidy practice, and in part, that often with the less dynamic enterprises, a relatively large investment source was formed from the amortization formed on the basis of their high capital. In 1980 only half of the dynamic machine industry and hardly more of the light industry enterprises were able to realize wage increases greater than the industry average.

#### Plan and Market

Both subjective judgments and objective circumstances were instrumental in the emergence of this abnormal situation. Initially, the maintenance of the built-in curbs and even their strengthening were justified by the avoidance of unemployment, and later by the difficult position of certain large factories. Later, however, primarily the reestablishment of the national economy's equilibrium, the primacy of the hard currency obtainable by way of exports, or rather, the import austerity, made the preservation of the temporarily uneconomical activities necessary. The assurance of provisioning the domestic market and avoiding provisioning disturbances provoked concern.

Although all these problems have eased somewhat as of today, they still have not ceased. However, the realization is increasingly being accepted that the maintenance of the situation that has developed and that the weakness of the economic surroundings which forces the capacity for quicker accommodation in the long run is hardly suitable for animating the economy and for providing the foundation for a more dynamic growth course in place of the relatively slow growth and stagnation of the living standard.

The great success of the economic policy followed since 1979 is the reestablishment of the economy's external equilibrium and that we were able to begin reducing our debt. However, we achieved the success by overwhelmingly forceful centralized measures and by the reduction of domestic consumption, and not by significantly increasing profitable activities and by palpably driving back those activities which are unprofitable.

We firmly continue to maintain that the socialist planned economy is qualitatively different from capitalism and provides better conditions for the expansion of the forces of production, but we hardly consider the mechanism needed for the realization of the possibility, including the macroeconomic management system, as being perfected.

#### Whoever Says A...

This is especially apparent when adaption to intensive development and accommodation to a world economy struggling with crisis must be solved simultaneously, which even individually are difficult and pressing tasks. Whoever says A should also say B. For one and a half decades we have already been undertaking a pioneering experiment; we have established a directive system of the socialist



planned economy which organically links the central direction of the national economy with the large degree of independence of the enterprises which allots a large role to the market and to its related categories, competition and prices. However, according to experience, it seems that we have overly restricted the scope of the latter. It is time for us to continue along the path started in 1968 and /further strengthen the role of the planned direction of the national economy in the spirit of the principles of our macroeconomic management which have proved successful, and expand the role of the market which inspires an active profitable economy and is simultaneously selective./

What more closely affects our topic, the uneconomical enterprises, is that we must discontinue the practice which only puts off but does not solve problems. To date, the handling of unprofitable enterprises has been characterized by excessive striving for consolidation. Of course, impatience would be a big mistake. Even in capitalistic countries, the state comes to the rescue of large companies in trouble and endeavors to create conditions with the help of which they are able to recover from their difficulties. But even in the case of sectors in crisis, it not only provides temporary aid but also creates /compulsory/ adaptations. It is possible that we too may use this type of aid--presumably not as frequently as to date--which remedies temporary problems and helps to create the conditions for unified development.

The Tungsram example also proves the useful nature of this sort of aid. The large enterprise by well disposing the subsidies provided by the state and by successfully mobilizing its own reserves, closed its last year with a 380 million profit instead of the 700 million forint loss of the previous year, thus improving its finances by more than a billion forints, and thereby, the results of the national economy. It is worth quoting the managing director: /"For a long time, the attitude at this enterprise was that we only pointed outward because of all our problems and worries and sought the cause of our economic difficulties in external circumstances. Once and for all, we had to put an end to this. Therefore, I thought: it is possible that the planned changes will not ease all our problems, it is possible that we would have shaped individual aspects of regulations differently--if it would have been up to us--but on balance, it is we who must accomodate to the economic circumstances; we must acknowledge the more stringent game rules which better convey the value judgments of the world market."/

#### The Path of Further Development

The April statement of the party's Central Committee about the tasks for the further development of our macroeconomic management system inspires us to such conduct and creates better conditions for this. As the statement said, /"The emergence of qualitative factors, the intensification of the economy's income-producing capacity and international competitiveness stands as the centerpiece of our economic activities, even in the upcoming years"/. And /"an important precondition for this is that profitability and technical development have a determinant role in the work of every enterprise and cooperative. This requires the curtailing and termination of uneconomical activities."/ It goes on to say that /"economic regulations, the market and economic competition should create domestic economic conditions which inspire

and constrain all participants in the economy to increase results and output and flexible adaptation. At the same time, they indicate and limit the continuation of non-competitive uneconomical activities and make possible the dynamic development of profitable areas. The preferential system should help the assertion of the national economic interest./

We expect that based on real income, the developmental and wage increasing opportunities of the more effectively managed enterprises will be greater. We must also reckon with the fact that the less effectively operating enterprises' opportunities will shrink and that their financial and economic difficulties will increase. Thus, the further development of the macroeconomic management system is not a task without contradictions. However, we /must accept/ these and the concomitant social and economic consequences, because this is the only way we may expect a genuine improvement in the economy's income producing capacity and the reallocation of productive factors--resources and manpower--serving our goals.

It is expected that the differentiation of enterprise and personal income will reinforce manpower mobilization; moreover, not just spontaneously but also in an organized form. Naturally, we will not renounce /the principle of full employment/ which is also contained in our constitution. This is also supplemented by the requirement of /profitable employment/. In this era when a whole series of new trades, new technological procedures appear while others are supplanted, it is absolutely necessary to have a /greater mobility of manpower/ and the /constant increase in technical knowledge/ and capabilities for this. Thus it is not only necessary to increase the adaptive and renewing capability of enterprises but also that of the working man.

The cadre of technicians who understand their trade, identify with it and are receptive to what is new is today still the /main pillar/ of our national economy. It is primarily due to these people that during the first seven months of the year, the output per work hour increased by approximately 7 percent and that we were able to change over without any disruption to the 40-hour work week. More than one exceptional product in demand on the market enhances the reputation of Hungarian work, domestically as well as on the foreign market. If we create the conditions, our enterprises and workers are capable of satisfying even the increased requirements. The perfection of macroeconomic management creates the conditions for concomitant dynamic development and the betterment of living conditions and the standard of living.

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## ECONOMIC-FINANCIAL SELF-ADMINISTRATION IN ENTERPRISES

Bucharest REVISTA ECONOMICA in Romanian No 37, 14 Sep 84 pp 18-19

[Article by Gheorghe Boulescu]

[Text] The consolidation of the economic-financial self-administration of each unit, holding a basic place within the process of improving the leadership of economic-social activity, is currently expressed in increasing the role of the collective leadership organs and of all workers in obtaining superior results in:

Covering each enterprise's expenses for carrying out production and providing services in accordance with its goal and plan of activity from its own incomes obtained from the sale and receipt of the equivalent value of the particular production and services;

Obtaining higher profits from the activity carried out and a maximum profitability in proportion to the material and monetary capital consumed;

Establishing from the profit obtained its own capital needed for development of the activity of each economic unit, particularly the capital for new investments and additional circulating resources, that is, achieving a higher degree of self-financing;

From the profit obtained forming material incentive capital for the worker collective for the activity and results obtained and achieving a high degree of material incentives;

Insuring that the capital received from society is returned from the profit obtained, either from the state budget or through bank credits for investments and circulating resources;

From the profit obtained increasing the contribution to establishing general state capital for general social-economic development.

As we see in the content of the draft directives of the 13th party congress, the measures to improve the economic-financial mechanism converge toward providing all the conditions for strengthening the self-administration of each social-economic unit which, under these conditions, have available the resources and tools needed for completely fulfilling the duties and very important responsibilities they have from the single national plan for Romania's social-economic

development with high efficiency. In this way we achieve a harmonious joining of the functions of the plan and economic-financial self-administration within the economic mechanism by combining centralized leadership on the basis of the single national plan with the independence of the economic units, by correlating major decisions at the central level with the decision-making competence of the unit in adapting and applying the most efficient measures for reaching the goals planned.

What is basic in consolidating the self-administration is to concentrate the efforts of each worker collective in the direction of rational management of the national wealth entrusted to each unit for the purpose of exemplary quantitative and qualitative fulfillment of the plan tasks, minimizing the consumption of resources by using them at an optimum level with a high degree of saving and maximizing the results, of the continuous and substantial growth in economic and social efficiency. In order for the criterion of maximum efficiency to substantiate and accompany the decisions on the activity in each economic unit, the process of optimizing the allocation and use of resources must seek to minimize the production expenses in proportion to the results obtained, without harming fulfillment of the goals established by increasing the production degree of expenses, by reducing the nonproduction ones to what is strictly necessary, by establishing a strict savings program, by eliminating useless consumption and any waste and by avoiding tie-ups of material and monetary resources and slowdowns in the rotating speed of capital. Of course, the financing bank units, the industrial centrals and the ministries must contribute actively to reaching these goals, along with the units' own efforts, in order to eliminate tie-ups of resources in unfinished investments and those not put into operation on schedule, in circulating resources over the plan, in material stocks above the approved norm, in capacities not being used fully, in unfinished production, in products not having insured sale and in not having outstanding debts paid on schedule.

A basic direction in consolidating self-administration is in achieving higher profits and increasing the profitability of all the economic units' activity, a major condition for complete recovery of expenses from incomes and obtaining additional profits. It is important to stress that obtaining and exceeding profit currently are playing a greater role in each enterprise in establishing and increasing their own capital for development and strengthening of self-financing, and the material incentive funds for worker personnel and in increasing the unit's contribution to forming society's general capital.

However, one must not forget that the requirement for completely covering expenses from incomes demands that all needs and resources be analyzed. Proceeding from the requirement for covering production expenses and sales, that is, circulating expenses, from the receipts for a period, we feel that other of the enterprise's expenses not included in these cannot be excluded from respect for this requirement, as sometimes still occurs in some enterprises. The requirement for consolidating the unit's self-administration by covering all expenses from incomes also demands investment expenses, circulating resources, the introduction of new technology and others be covered from its own incomes. In this respect, following and consistently analyzing the process in which the investment expenses for replacing the fixed resources used are covered from the depreciation calculated by the enterprise and included in expenses or the degree to



which the expenses for introducing a new technology are covered from each enterprise's own capital are a current requirement in the process of consolidating self-administration. Also, the resources needed for new investments for development of the enterprise or for additional circulating resources for development cannot be excluded from checks on application of the requirement for covering expenses from its own capital, either, for which the requirement for strengthening self-administration demands that the enterprise carry out its activity under conditions of maximum profitability so that it provides for and covers these expenses from its own profits. Even temporarily resorting to bank or financial credit from the central's capital, in the case of investments for large developments, must be examined under the impact of the requirement mentioned, meaning that obtaining such financial results so that the development expenses incurred can be covered on schedule and the bank credits paid back is insured through the development expenses incurred. Paying back the capital received from society from the profit made involves this debt's size being in proportion to the source of receipt of the capital (state budget, the central's capital or bank credits), to the priority for repayment, the term for falling due and the total capital to be repaid in the structure of the enterprise's total capital.

In this framework, we need to have even more systematic record-keeping and analysis of the degree to which the requirement for paying back the funds received from society are satisfied, by continually following up on the ratio between the enterprise's total capital and the capital to be repaid much more strictly and the ratio in the structure of the capital to be repaid between the debts to be repaid to the state budget and the central and the debts repaying bank credit and the ratio between short- and long-term credit, the length of time for repaying the capital from profits, the ratio between the cost of obtaining the particular capital and the profits obtained with 1,000 lei of capital.

With regard to increasing the contribution of each economic unit to forming the state's general capital in order to establish and magnify the degree to which this very important requirement for consolidating each economic unit's self-administration is satisfied, it is necessary to make a complex, effective analysis capable of following on many levels and favorably influencing all aspects connected with the forms for taking for the state budget (deposits from profit, tax on circulation of goods, taking from profit for society) the quantity of deposits from profit for the budget from total profit, the order for making deposits and distributing profit, the enterprise's ability for self-financing, development needs and level of profitability.

Of course, application of economic-financial self-administration should not be localized just at the level of the economic unit; as an economic principle of leadership, checking and analysis of economic activity, it is more broadly applicable. For that reason, in order to consolidate self-administration it is necessary for its elements to be applied more broadly either totally or partially and they must be followed within the enterprise, too, depending on specific nature, subunit, activities, products and so forth. The sphere in which the requirements of this principle can be applied also includes other organizational steps of the economy: centrals, ministries, people's councils. As far as the macroeconomic aspect is concerned, the requirements of the principle of economic-financial self-administration must be carried out, followed and analyzed at the level of each economic



branch and subbranch, as a whole or within each ministry. At the same time, one should reflect on the fact that the requirements for economic-financial self-administration in some cases involve complete, immediate and permanent applicability and in other cases require applicability and follow-up in stages as a continuous process in various economic units. The requirement for covering expenses from one's own incomes in current production activity and providing of services demands complete, immediate, permanent and generalized applicability in all units. Other requirements, such as those connected with continually increasing profit, increasing the degree of self-financing, increasing the contribution to the general state funds, paying back the funds received from society, demonstrate a dynamic nature in successive stages, whose intensity can differ from enterprise to enterprise, even within the same centrals or ministry. Bearing in mind that as far as the level of consolidation of economic-financial self-administration is concerned the enterprises, centrals and branches at a given moment can be found with various levels of profitability, degree of self-financing, repayment of funds received from society and participation in the state's general funds, this involves permanent and complex actions to improve the particular levels.

The means used play an important role in the leadership of economic activity on the basis of the principle of economic-financial self-administration. In this regard, the exemplary fulfillment of all tasks from each unit's own plan, establishment of firm programs capable of providing specific and substantiated actions and measures to mobilize the production potential available at the level of the planned task for increasing productivity and reducing production costs, improving the quality of products and services and increasing competitiveness on the foreign and domestic market are decisive directions for strengthening economic-financial self-administration. Along with implementing the existing program, in our opinion, there is a need to work out and apply a unified program which would include the paths, measures and actions for implementing the indicators of economic-financial indicators specific to each unit and to permanently follow up on this and provide conditions for completely fulfilling the goals established.

Growth in the role and importance given to the budget of incomes and expenses both with regard to substantiating and carrying out its provisions as well as to using it as a means of effective management of economic and financial processes in each economic unit but also the social-cultural institution represents another necessity in the process of consolidating self-administration. Toward this end we must combat more firmly the mistaken concept met in some cases, according to which the problems connected with the budget of incomes and expenses are the exclusive competence of the financial-accounting department, given the fact that substantiation and achievement of them involve special responsibilities both for the economic as well as technical cadres.

A greater role also belongs to the accounting balance concluded at the level of the enterprise, central, ministry or branch, as the synthesis of the economic potential and assets, including the results obtained, as a means furnishing the information needed for an analysis of the stage and level at which each organizational step is in the economy as far as satisfying the requirements for economic-financial self-administration is concerned. In this context it is necessary for all enterprises, on the basis of the data furnished, to take consistent action to increase the degree of self-financing achieved for investments, for circulating resources, to provide the optimum ratio between their own capital and the capital

repaid to society as a whole and in the structure of the particular capital at a given moment or as it evolves.

Economic-financial levers play an important role in satisfying the requirements for economic-financial self-administration at all levels. Directly involved in them in the process of consolidating self-administration, besides profit, are price, credit and interest.

Through its component elements, price affects economic-financial self-administration at all levels. Use of this lever with greater efficiency has in mind stimulating actions at the level of each unit in reducing production costs, increasing profitability and profits but it also involves analysis at the level of branches or subbranches of the economy with regard to the level of profitability and the minimum level which provides for satisfying the requirements for economic-financial self-administration.

Economic-financial self-administration involves self-financing to a higher degree and it involves primarily as efficient use as possible of the economic units' own capital. For greater efficiency, bank credit must intervene to complete the economic units' own capital and temporary needs for financial resources, under conditions in which strict checking is insured of reaching efficiency at the level planned, of material guarantee and conditions for repayment as established for the term. By checking on the use of credits, a greater emphasis is to be placed on the results obtained in the enterprises, reflected in providing rotating speed of the capital, in maintaining stocks of material values within the limits provided in the plan and the budget of incomes and expenses and in providing that they are repaid on time as a result of receipt of the equivalent value of the products delivered.

The incentive-providing dimensions of economic-financial self-administration, the broad sphere of applicability, the dynamic nature of the requirements for consolidating it require permanent actions both at the micro- as well as macro-level, actions which would provide for amplifying the process of strengthening it and applying it with greater and greater efficiency in the economy.

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## MEASURES TO INCREASE FOREIGN TRADE EFFECTIVENESS

Bucharest REVISTA ECONOMICA in Romanian No 38, 21 Sep 84; No 39, 28 Sep 84

[Article by Dr Ioan Georgescu: "Increased Functionality in the Foreign Trade Mechanism"; Parts I and II]

[21 Sep 84 pp 14-15]

[Text] The draft directives of the 13th Congress of the Romanian Communist Party regarding Romania's economic and social development in the 1986-1990 5-year period provide for--among the basic economic tasks in this period--the expansion of Romania's international economic relations, on the basis of the intensive development of industry and agriculture, which will secure the high competitiveness of Romanian products on the foreign markets and the achievement of a positive balance of trade and a favorable balance of payments.

The factors that the current economic and financial mechanism possesses along the line of the development of international economic cooperation and exchanges have been extensively presented and discussed in REVISTA ECONOMICA in recent years, discussions that have furnished many valuable proposals concerning the adaptation of the mechanism's general framework to the specific character of one field of foreign trade or another: complex exports, operations of cooperation, transference of rights to industrial property, invisible trade and so on, in one or another of the stages of the economic process--planning, production, contracting, execution, and collection of the equivalent value of the merchandise. Responding to the tasks that the directives map out for economic research along the line of multilaterally investigating the ways to increase the efficiency of our country's participation in the world economic circuit, we will try to review the main aspects discussed, as a starting point for the future work.

A first group of problems refers to reevaluating the very way in which we define foreign trade activity--more precisely, "international economic relations"--as part of the internal division of labor. Sticking to the practical, concrete aspect of the problem, it should be recalled that under the conditions in which much of national production is achieved through foreign trade, when over half of the worker personnel in some branches work for exportation, export production can be regarded no longer as a subactivity of the respective economic units (enterprise, central, ministry) but as a basic activity.

And then the question inevitably arises: To what extent can the structure of typical activities in these units be put face to face with the specific problems of production for exportation? To what extent are the enterprise's departments, from product design to the finance and accounting department, placed in the middle of the information flow regarding the pulse of the foreign market, the strategic opportunities at each moment, the capacity to react to the surprising, unforeseeable evolution of the negotiating and contracting conditions?

Without underrating the activity of the specialized foreign trade enterprises, it is hard to assume that for each of the hundreds of thousands of products that are now made in the country, the ICE's foreign trade enterprises could take over the tasks of the producers along the line of knowing the technical level on the world market, the technologies used by the main world producers, the technical parameters obtained, the labor productivity, the positions occupied on the market by the main competitors, the rate of renovation and so on. And without these data, even the most capable designer of products is automatically out of the running. This is why the activity of marketing should have a staff position in the economic units with export tasks, why the planner in these units cannot do without systematic information on the business situation, the market and marketing. We are now confronted, in is true, with a crisis period in the world economy, characterized by instability in prices, in exchange rates and in negotiating terms. But marketing is precisely a discipline of change that allows you to stay informed and thus to be able to control the situation under any conditions. The best merchant cannot always foresee, for example, a drop in the prices of exchange products and therefore must take steps to protect himself, steps that change in intervals of minutes.

An important forward step in achieving this change in view has been made through the annual listing of the enterprises specialized for exportation, which benefit from a special setup along the line of the technical-material supply, pay and investments. The specialists think that this specific feature will have to be accented further--according to the share held by exports in the total output of the enterprise--so that for all posts and departments of the specialized export enterprise the data furnished by the marketing information system may become the premise for action.

A second dimension of foreign trade activity involves the specific operations in the sphere of commodity circulation. The very close interweaving of the operations of selling and buying of merchandise with operations of invisible trade (international transportation and insurance, financial and banking services, export credit, guaranteeing and securing of credit, international settlements, leasing, franchising, forfeiting, compensation operations, commercial services of intermediation, representation on a commission basis and so on) and operations of cooperation and specialization in research and development, production, and marketing is characteristic of our era.

It can be said that in our country the practice of foreign trade and the economic legislation have gotten ahead of theory in that, although the notion of "international economic relations," which combines all these aspects of modern foreign trade activity, has not asserted itself in practice, the legal



framework nonetheless promotes the activities of international economic cooperation and invisible trade in the form of operations without substance. In 1971, Romania was among the first countries in the world with specific legislation for international economic cooperation, and through Law No 12/1960 on the Strengthening of Worker Self-Management and Economic, Financial and Valuta Self-Administration in the Activity of Foreign Trade and International Economic Cooperation the object of activity of the ICE was expanded, there being created the legal framework for performing many types of operations of invisible trade: transference of rights to industrial and intellectual property, trading and counterpart operations, exchange operations and so on. However, the relatively complex financial and banking operations that are the basis for such transactions must find a corresponding representation in the system of our financial, banking and credit institutions, bearing in mind that the selection of the firms for commercial services is done on the world market primarily according to the promptness with which they are capable of acting. The strong growth in the volume of foreign trade in recent years has caused a number of services to become underdeveloped in relation to the demand for such services, especially those connected with import and export credit, the securing of credit, valuta arbitration, exchange operations and so on. In other cases, the regulation of them is incomplete. If, for example, according to the law, credit in valuta is granted to foreign trade enterprises under the conditions of the international market, then a similar provision seems necessary with regard to the interest that the bank pays on the valuta reserves of the foreign trade enterprises.

The evaluation of a commercial transaction not only as a foreign trade operation (selling and buying of merchandise) but also as an operation of international economic relations can lead to far different results, in the sense that after deducting the expenses for transportation and insurance, the bank commissions and interest, the customs duties and the commissions for representation, and the expenses for promotion and indigenization, it may be found that the percentage of the services (the payments for the operations of invisible trade) is higher than the price obtained by the exporter for his merchandise. The conclusion that stands out is that the development of one's own infrastructure for services--the development of invisible trade--is of major importance for increasing the valuta receipts on the whole (in order to have surpluses in the technological balance, the balance of international tourism, the balance of international transportation and insurance, the balance of financial, banking and commercial services and so on). Of course, in the operations without substance professional training and practical experience are decisive, with the difference between the performer of services and the buyer of services being essentially one of instruction and information.

As a first stage in proceeding to convertibility of the national currency, the introduction of the single commercial exchange rate has created an important economic factor for ranking export products according to the relative efficiency with regard to the average rates of return. However, an export strategy based on the rate-of-return indicator will be operational only insofar as there is a correlation between the manner of forming the price on the domestic market and the prices on the world market. In the production of electric motors, for example, we find a high percentage of material expenditures in the production



costs, not due to the actual process of producing the motor, but due to the prices at which cast-iron casings and wooden packing crates are obtained through domestic collaboration. The growth of the number of instances of collaboration--especially when the subsuppliers are the only ones in the economy--can lead to distortion in the level of the expenses included in the complete export price, leading to the false conclusion of low competitiveness for the respective products. The trend is all the more negative because precisely the highly complex products, which would be the most attractive ones for exportation, also have the largest number of instances of domestic collaboration. Second, the resetting of domestic prices does not always occur at the same time as the movements in prices on the international market due to change in the prices of raw materials and energy or other economic factors, which can lead to distortions in the accuracy of the rate-of-return indicator. Furthermore, the Romanian performers of services for valuta sometimes set for the ICE's rates and commissions at levels not responsive to the evolution of the world market (of charters, freight, interest and so on), which influences the competitiveness of exports--the foreign price obtained.

The denominator of the rate-of-return ratio--the foreign price obtained--reflects better the quality of the marketing work done by the foreign trade enterprises when it is determined in the context of the complex notion of "international economic relations," expressing the knowledge and utilization of the systems of commercial preferences, including the most-favored-nation clause, the utilization of our own capacities for international transportation, the dispersion of the risks in international insurance, sale on guaranteed credit, through a credit institution of our own, the development of our own distribution network, and the performance of complementary commercial, financial and banking services for the foreign client--all these things, besides the perfect quality of the merchandise sold.

[28 Sep 84 pp 12, 21]

[Text] The planning of the extra merchandise for exportation, according to the law, must be based on concluded international sales contracts having guarantees of fulfillment. Of course, the economic instability generated by the crisis situation on the international market hinders greatly the process of long-term contracting and the fulfillment of contractual obligations by the partners subject to the unforeseeable events in the market economy. And yet, in the economic collaboration between our foreign trade firms and those of the nonsocialist countries, the superiority of the socialist economy can be manifested through its capacity to plan and mobilize resources in accordance with the pre-established objectives--and this starting with the planning of the construction of new production capacities for exportation. The providing of an economical production series to the new industrial facilities that are built, beginning with the necessities for the domestic technical-material supply, by adding some percentage of capacity for exportation is a partial economic criterion, insufficient for justifying, for example, the orientation of 50 percent of a new factory's capacity toward export production.

In order to justify the construction of new export capacities, well-substantiated market studies--the marketing criterion--must be added to the criterion of

an optimum series. Otherwise, we have what are called "residual" production capacities, which can be covered with foreign orders only with much greater difficulty.

The specialists find that, although the legislation provides for solid substantiation of the advisability of investments, going as far as listing the future export markets, in practice the inclusion of an investment objective in the 5-year plan is sometimes regarded as sufficient justification, although technical progress or the situation on the world market and the different economic developments can often lead to the necessity of reexamining the advisability of investments or design solutions.

A simultaneous solution to both aspects of the problem--an economically optimum production series and the matter of covering with foreign orders the production capacities meant for exportation--can be obtained, as the international practice shows, through specialization and cooperation in production. In this regard, our legal framework leans toward the conclusion of long-term contracts of 10-15 years for the actions of international economic cooperation for deliveries of goods, coproduction, the performance of services and the doing of work under conditions of reciprocity. Industrial cooperation provides production series for big subassemblies, at the level of the requirements of both partners, and at the same time the certainty of the takeover of the merchandise by the partner.

The structural analysis of Romanian exports in comparison with the international market also suggests resources for improving the planning of foreign trade activity. For example, the "tradition" of planning primarily complete equipment and installations for the exportation of machines and equipment is sometimes at variance with the realities of the world market. Thus, the international statistics show that about 60 percent of international automobile exports occur in the form of the world exchange of components. Similar phenomena also occur in the electronics field, in fields with rapid wear of parts, such as petroleum equipment, and in many other subbranches. The advantages obtained through production's specialization in components are sufficient for bearing the cost of the transportation over distances of thousands of kilometers. This is why the further planning of the exportation of complete, listed products--easier, it is true--proves to be too rigid in practice. Along the line of further increasing the competence and responsibility of the enterprises and centrals in carrying out foreign trade activity, it thus seems necessary for the sole national plan for economic and social development to set value targets for exportation and physical targets for a smaller number of products and groups of products. Under these conditions, the centrals, together with the foreign trade enterprises, would have to establish the products, subassemblies and assortments within the value positions, in accordance with the requirements of the foreign markets and of the contracts concluded. The responsibility and initiative of the industrial enterprises and centrals in concluding foreign contracts at the level of the planned value targets thus increase.

The far less attention devoted to the exportation of services than to the exportation of goods constitutes another "tradition" in planning. The accent that the draft directives of the 13th RCP Congress put on the qualitative

aspects of growth dictates a deeper analysis and understanding of the realities in the world economy and sometimes even an adjustment of the traditional images that we have of economic phenomena.

The changes in the contemporary world dictate a broader understanding of the notion of means of production, including science and culture, and a broader understanding of the notion of collective worker, including the researcher in technology, the researcher in economics, the consultant in management, marketing or design, the data-processing expert and so on--in short, the whole range of services needed for modern production--and international trade is carried out with all these modern production factors.

According to the data in the international statistics, the receipts from performing international services (tourism, transportation, insurance, dividends from rights to intellectual property, bank and business commissions, engineering services and so on) for a number of capitalist countries like the United States, England, France, Italy, Austria, Greece, Spain, Belgium and so on play an extremely important role in covering the deficits in the balance of trade (importation and exportation of goods).

The influence of the balance of services on our country's balance of payments is negative, reducing the surplus achieved in the balance of trade. Our country's specific position with regard to resources of raw materials and energy makes the problem of promoting the exportation of services (without material consumptions) seem particularly topical for balancing the balance of invisibles and obtaining a positive result in this part of the balance of payments.

The strong development that science and technology will experience in our country in the next 5-year period will create sure premises for exporting the results of research not only incorporated into products but also directly as technologies, technical procedures, licenses, industrial forms and models, services of technical assistance, engineering, service and so on. At the same time, it is necessary for the structures for marketing these services to also be developed accordingly, involving the supplying institutions as directly as possible in all stages of the transaction or even letting them operate directly on the international market.

The expansion of the foreign networks for distribution, service and spare parts, besides the positive effect in promoting the exportation of goods, can also constitute an important source of valuta receipts. It is known that the retail prices on the foreign markets are severalfold higher than the prices offered by importers to our foreign trade firms. The sale of Romanian export goods through distribution networks of our own or in cooperation on the local markets opens up possibilities of increasing the valuta receipts in this way too.

The big projects for setting up the river and maritime infrastructure in Romanian ports and the expansion of the fleet in all the transportation systems--road, railroad, maritime, river and air--are creating all the more premises for balancing in the near future our country's balance of international transportation and obtaining surpluses.

Our country's participation in a number of actions of cooperation in the field of banking and international insurance--such as: Banque Franco-Roumaine (Paris, France), in which the French party is represented by Credit Lyonnais, Societe Generale, Banque Nationale de Paris, Banque de Paris et des Pays-Bas, Credit Commercial de France, Credit Industriel et Commercial, Credit du Nord and Banque Rothschild, for 50 percent of the capital, and the Romanian Bank of Foreign Trade, for 50 percent of the capital; the Anglo-Romanian Bank (London, England), in which Barclays Bank International and Manufacturers Hanover Trust (with 50 percent of the capital) and the Romanian Bank of Foreign Trade (with 50 percent of the capital) participate; the Frankfurt-Bukarest Bank (Frankfurt am Main, FRG), having as shareholders Banque Franco-Roumaine (Paris), the Romanian Bank of Foreign Trade, Deutsche Genossenschaftsbank and Berliner Handels und Frankfurter Bank; the Misr Romanian Bank (Cairo, Egypt), having as shareholders the Misr Bank (Cairo), the Romanian Bank of Foreign Trade, the Bank for Agriculture and the Food Industry and the Investment Bank (Bucharest); Banca Italo-Romana, SpA, with the company headquarters in Rome and the operational headquarters in Milan, Italy, having as shareholders Banco di Sicilia (Palermo) and the Romanian Bank of Foreign Trade; the Romanian American Insurance Co, Ltd, a joint insurance company with headquarters in Hamilton, Bermuda, having as shareholders the State Insurance Administration ADAS (Bucharest) and American International Underwriters Overseas, in the American International Group (New York); the European-American Underwriters Agency, a joint agency for underwriting and placements in the field of reinsurance with headquarters in Vienna, Austria, having as participants ADAS (Bucharest), Warta (Warsaw), Allami-Bizdosito (Budapest) and American International Underwriters Overseas (Bermuda)--and those in the field of the exportation of intelligence--GEC General Electric Company-Romanian Nuclear, Ltd (Leicester, England), having as an object of activity nuclear technology and related activities; INCREST the Institute for Scientific and Technical Creativity (Paris, France), having as an object of activity the promotion of Romanian inventions; RODECO expansion unknown (Hamburg, FRG), having as an object of activity consulting services in third-party markets--have had very good economic results, which recommends their expansion in the future. It should be noted that the personnel engaged in the field of international services cannot be considered administrative personnel; the respective service-performing institutions not only are self-administered but also provide considerable income in valuta to the state.

The English commercial banks, together with the financial, insurance, tourism and other companies, provide to the country receipts of over \$6 billion per year from invisibles, and those in the United States provide over \$20 billion per year.

A third group of problems with regard to improving the manner of planning foreign trade activity refers to the rates of return for products and groups of products. The maintenance of rates of return varying according to products--the specialists contend--is only another way of maintaining the deviation of the prices from the value, so that the evaluation of the efficiency of the respective exports is shifted to the uncertain ground of subjectivity.

In the records of the enterprises, the entries for the achievements from exports are made at three different values on the basis of three different rates:



in the statistical reports the value of the export is calculated at the single commercial exchange rate; the producer receives the equivalent value of the exported merchandise at the rate of return planned for the product; and the foreign trade enterprise pays the bank for the exports at the rate of return calculated at the daily value of the valuta received (valuta basket). Of course, these many parallel records can give rise to errors and are hard to manipulate and analyze. And at bottom, the practical importance of the differentiation of these rates and the degree of substantiation are made evident when uniform price changes are made, for scores and hundreds of products at the same time, obviously administrative changes and not ones based on economic studies.

Through the mobilization--using the instrument of planning--of all the above-mentioned resources for increasing the valuta receipts we intend as an objective for the future the elimination of the gap existing between Romania's percentage of about 1 percent in world industrial production and our country's percentage of about 0.6 percent in world exports.

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